



# 2000 Massachusetts Nonresident or Part-Year Resident Income Tax Form 1-NR/PY

Nonresident and Part-Year Residents Only  
All Schedules and Instructions



CALL OR CLICK. GET IT QUICK!

It's fast!

It's accurate!

It's safe!

See page 3  
for details.



Department of Revenue Commonwealth of Massachusetts

# Completing Your Form 1-NR/PY

Please read this page carefully as it explains the correct method of completing your return. This will ensure trouble-free processing.

**PRINT IN BLACK INK**

Ovals must be filled in completely. Example: For the year January 1–December 31, 2000 or other taxable year beginning 2000, ending

**Form 1-NR/PY Mass. Nonresident/Part-Year Resident Tax Return 2000**

MICHAEL MURRAY  
PEGGY MURRAY  
123 ANY STREET  
ANYTOWN MA 02345

1. YOUR SOCIAL SECURITY NUMBER  
3 3 3 2 2 1 1 1 1

2. SPOUSE'S SOCIAL SECURITY NUMBER  
7 7 7 8 8 9 9 9 9

Note: Be Sure to Enter Your Social Security Number(s) Above

YOUR DAYTIME PHONE  
6 1 7 5 5 5 1 2 3 4

SPOUSE'S DAYTIME PHONE  
7 8 1 5 5 5 9 8 7 6

If name/address has change since 1999, fill in oval: ☐  
If taxpayer is deceased, fill in appropriate oval(s) (see instr.): 1. ☐ 2. ☐

Select **only one**: Nonresident ☐ Part-year resident ☐ Filing as both a nonresident and part-year resident ☐ (see instructions — you must enclose Schedule R/NR)

Mass. Clean Elections Fund: (for part-year residents only) ☐ \$1 You, ☐ \$1 Spouse, if filing jointly. Total ▶ \$ (This contribution will not change your tax or reduce your refund.)

**LINE 1 Filing Status: (Select one only)** ☐ Single ☒ Married filing joint return (both must sign return) ☐ Married filing separate return. (Enter spouse's Soc. Sec. no. in the appropriate space above.)

**LINE 2 Part-Year Residents:** Enter dates as Massachusetts resident \_\_\_\_/\_\_\_\_/\_\_\_\_ to \_\_\_\_/\_\_\_\_/\_\_\_\_  
Total days as Massachusetts resident 1 7 7 + 365 = 4 8 4 9

**LINE 3 Total Income** from U.S. 1040, line 22; 1040A, line 15; 1040EZ, line 4; 1040NR, line 23; 1040NR-EZ, line 7; or U.S. Telefile Tax Record, item I. If married filing separately, see instructions. ▶ 3 7 5 0 0 0 0 0

**LINE 4 Exemptions:** ☐ Fill in if noncustodial parent  
a. Personal exemptions. If single or married filing separately, enter \$4,400. If head of household, enter \$6,800. If married filing jointly, enter \$8,800. ▶ a 8 8 0 0 0 0 0  
b. Number of dependents. (Do not include yourself or your spouse.) Enter number ▶ 1 × \$1,000 ▶ b 1 0 0 0 0 0  
Enter dependents' Social Security numbers. If born in 2000, see instructions 123-45-6789  
c. Age 65 or over before 2001: ☐ You + ☐ Spouse = ☐ × \$700 ▶ c  
d. Blindness: ☐ You + ☐ Spouse = ☐ × \$2,200 ▶ d  
e. Other: 1. Medical/Dental ▶ (from U.S. Sch. A, line 4) 2. Adoption ▶ (from worksheet) 1 + 2 = e  
f. Total exemptions. Add items a, b, c, d and e. Enter here and on line 22a ▶ 4f 9 8 0 0 0 0 0

**Nonresidents** report in lines 5 through 11 Mass. source income only. Use line 13 if appropriate.  
**Part-year residents** report in lines 5 through 11 income earned while a resident. Do not use lines 13 or 14.  
If filing both as a **nonresident** and **part-year resident**, be sure to complete Schedule R/NR, Resident/Nonresident Worksheet, before proceeding any further.

**LINE 5** Wages, salaries, tips and other employee compensation (from all Forms W-2 or line 13g) ▶ 5 4 0 0 0 0 0 0

**LINE 6** Taxable pensions and annuities (see instructions) ▶ 6

**LINE 7** Mass. bank interest: a. ▶ 1 5 0 0 0 0 — b. exemption 2 0 0 0 0 0 = 7  
Exemption: if married filing jointly, subtract \$200 from Total; otherwise subtract \$100 & enter result Not less than "0."

**LINE 8** Business/profession or farm income/loss (enclose Mass. & U.S. Sch. C or C-EZ or U.S. Sch. F) ▶ 8 X 2 5 0 0 0 0 0

**LINE 9** Rental, royalty, REMIC, partnership, S corp., trust income/loss (enclose Mass. & U.S. Sch. E) ▶ 9

**LINE 10** Unemployment compensation (see instructions) ▶ 10

**LINE 11** Other income (alimony, taxable IRA/Keogh distr., winnings, fees) from Schedule X, line 6 (enclose Schedule X). Not less than "0" ▶ 11 3 7 5 0 0 0 0

**LINE 12** TOTAL 5.85% INCOME. Add lines 5 through 11. (Be sure to subtract any loss(es) in lines 8 or 9) ▶ 12 3 7 5 0 0 0 0

Attach, with a single staple, state copy of Forms W-2, W-2G and 1099 (showing Mass. withholding).

## Name and Address

Use the preaddressed return in the back of the booklet we sent you. Print in black ink the Social Security number of each person filing the return in the space provided. If your address has changed, please make all changes on the preprinted form. If you did not receive a preaddressed booklet, print in **black ink** the full name and address. Enter names as they appear on your federal tax return.

## Social Security Number

Be sure to enter the Social Security number of each person filing the return in the space provided.

## Whole-Dollar Method

If using the whole-dollar method, be sure to fill in the appropriate oval. Then round off, to the nearest dollar, all amounts on the return and on any attached schedules. **Do not** use the whole-dollar method in calculations on worksheets that you use to reach amounts shown on your return.

**\$1.00–\$1.49 =** **\$1.00**

**\$1.50–\$2.00 =** **\$2.00**

## Filling in the Ovals

Make sure all ovals applicable to your filing situation are filled in completely, as shown: ☒

## Filling in Dollar Amounts/Reporting Losses

When entering amounts on the Form 1-NR/PY and schedules, print your numbers in **black ink** as shown below. Be sure there is only one number per box. Numbers must be written completely within the boxes and should not touch the boxes.

If you are reporting a loss in any line, mark over the "X" in the far left box for that line. Failure to do so will result in the loss being machine-read as a gain. Also, be sure to mark over the "X" boxes in the supporting schedules. **Do not** use parentheses or minus signs to indicate losses.

▼ If showing a loss, mark over X in box at left

X 1 2 3 4 5 6 7 8 9 0

When entering amounts, make sure to enter cents, even if using the whole dollar method, in the rightmost boxes. For example, \$1,000 should be entered as:

1 0 0 0 0 0

## Mailing Checks and Enclosing Forms

Attach to Form 1-NR/PY, with a single staple only, your Form W-2 or 1099 withholding documents. If you are making a payment, complete Form PV, Massachusetts Income Tax Payment Voucher. Form PV is attached to the back of the "Payment Due" envelope found in this booklet. Staple your check or money order to the front of Form PV and enclose Form PV with your return. Also, do not staple supporting schedules or documentation to the Form 1-NR/PY as this will delay the processing of your return.

**FILING TIP** You may be able to lower your taxes by taking advantage of other deductions on Schedule Y or other credits on Schedule Z.

See line 19 of Form 1-NR/PY. For a complete list of other deductions for which you may be eligible, see Schedule Y instructions.

Landlord's name(s) \_\_\_\_\_

**19** Other deductions from Schedule Y, line 8 (enclose Schedule Y) ▶ 19 1 0 0 0 0 0

See lines 30 and 31 of Form 1-NR/PY. For a complete list of other credits for which you may be eligible, see Schedule Z instructions.

**CREDITS.** Lines 29, 30 and 31. Enclose all applicable schedules.

▶ 29 Limited Income Credit (complete) ▶ 30 Credits from Schedule Z, line 1 5 0 0 0 0 ▶ 31 Credits from Schedule Z, line 2 5 0 0 0 0

# Would You Like to Throw This Form Away? 3

## You Can If You E-File

### What Is E-File?

E-File is filing your state personal income tax return electronically through one of these methods offered by the Massachusetts Department of Revenue (DOR). **These methods are available to full-year nonresidents only.**

### NEW! The Web



E-Filing via DOR's website, [www.massdor.com](http://www.massdor.com), is easy and secure. Simply fill out the online tax form, which performs the calculations for you, submit it, and receive confirmation that you have filed. **It's free and available 24 hours a day, 7 days a week.** This new E-File method replaces DOR's "PC File" method.

### Paid Preparer



Hundreds of thousands of taxpayers have had their returns E-Filed through a DOR-approved preparer. If your preparer does not offer E-File, ask him or her to give it a try! Visit [www.massdor.com](http://www.massdor.com) for a list of approved preparers.

### Commercial Tax Preparation Software



You can also E-File using DOR-approved commercial tax filing websites or software products. Visit [www.massdor.com](http://www.massdor.com) for a complete listing of approved websites and products. This E-File method is also known as "Online Filing."

### Personal Identification Number (PIN)

If you received this booklet in the mail, be sure to retain the PIN printed on the back cover. You will need it in order to Web File. You may also need it to access telephone and Web-based systems that allow you to check the status of your refund and perform other actions. If you did not get this booklet in the mail and do not have a PIN, you will need the amount of your requested refund or tax due from your 1999 Massachusetts tax return to access these systems. If you are a first-time filer, you will still be able to access these systems without a PIN.

### Why Should You E-File?

► **Less stress.** If you E-File you will not have to worry about math errors, missing schedules or other common mistakes which could delay your refund or cause other problems that take time to resolve. And E-File is safe. Returns are transmitted via secure telephone connections or encrypted Web connections. PLUS, you will receive immediate confirmation that serves as proof you filed. **E-File and relax.**

► **Fast refunds.** Whether you E-File in January or mid-April, you will receive your refund, on average, in three to four days and sometimes as fast as 48 hours. You also have the option of having your refund deposited directly into your bank account. (Some commercial tax preparation products may not offer direct deposit.) **Call or click, get it quick!**

► **Easy to use.** Whether you call or click to file your return, or have your preparer E-File for you, it is as easy as pressing a button. If you prepare your own return, E-File walks you through it step by step, and does the calculations for you.

**Try it! What do you have to lose?**

► **Convenient payment options.** If you owe money, you can file now and mail your check later, up to April 17, 2001.

### Filing Your Extension by Telephone or Via the Web

Taxpayers who want to file an Automatic Six-Month Extension of Time to File Massachusetts Income Tax Return, Form M-4868, may do so by telephone or via DOR's website. This option is available to taxpayers who meet the following requirements:

- you filed a 1999 Massachusetts income tax return;
- you owe no tax; or
- if there is a tax due with your extension, payment is made with a Mastercard, Visa, Discover or Novus brand card and your extension is filed by telephone.

If you meet all of the criteria above, call (617) 660-2222 to file your extension by telephone or visit [www.massdor.com](http://www.massdor.com) to file via the Web if you owe no tax. If you do not have Form M-4868, complete the following worksheet before you call to determine whether or not you have a tax due.

- |  |
|--|
| 1. Enter amount from Form 1-NR/PY, line 33 . . . . .                   |
| 2. Enter the total of Form 1-NR/PY, lines 36-39. . . . .               |
| 3. Amount due. Subtract line 2 from line 1, not less than "0". . . . . |

### Would You Like More Information?



For more information about E-File, visit DOR's website, [www.massdor.com](http://www.massdor.com) or call (617) 887-MDOR, or toll-free in Massachusetts, 1-800-392-6089. DOR's website also offers visitors a searchable index of legal rulings; tax forms and publications; news releases; statistical data and related articles. In addition, our website provides timely information from our Local Services and Child Support Enforcement divisions.

## TaxTalk



TaxTalk is our automated system of recorded tax information available by calling (617) 887-MDOR or toll-free in Massachusetts 1-800-392-6089 during non-business hours. TaxTalk topics are also available through the Department's Fax on Demand system or via the Department's website at [www.massdor.com](http://www.massdor.com). For a menu of tax topics available by Fax on Demand, please call (617) 887-1900 using the handset and keypad on your fax machine and, when prompted, enter document retrieval number 4000. To access the list of tax topics through DOR's website, go to "Help/Resources."

## TaxTalk Topics

### What's New for Tax Year 2000

- 101 Income Tax Rate Change
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### Filing Options

- 131 Telefile
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### Residency Status/Filing Status/ Filing Requirements

- 151 Am I a Resident?/Which Return Should I File?
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- 154 What is My Filing Status?
- 155 Guidelines for Filing an Extension
- 156 Should I Be Making Estimated Tax Payments?
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### Types of Income

- 201 Understanding Your Form W-2 and Your Form 1099G
- 202 Roth and Education IRAs
- 203 Pensions
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- 206 401K and 457 Massachusetts Government Employees' Deferred Compensation Plans
- 207 Unemployment Compensation
- 208 Interest & Dividend Income
- 209 Short-Term Capital Gains/Losses & Long-Term Gains on Collectibles
- 210 Disability/Sick Pay/Workers' Compensation
- 211 Fiduciary/Trusts
- 212 Exclusion for Gain on the Sale of a Principal Residence

### Credits

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- 302 Earned Income Credit
- 303 Full Employment Credit
- 304 Title 5 Septic Credit
- 305 Credit for Taxes Paid to Other Jurisdictions
- 306 Lead Paint Credit

### Deductions

- 331 Rental Deduction
- 332 Social Security and Retirement

- 333 Child Care Expenses or Dependent Under 12
- 334 Employee Business Expense Deduction
- 335 Student Loan Interest Deduction
- 336 Medical Savings Account Deduction
- 337 Self-Employed Health Insurance Premiums Deduction
- 338 Miscellaneous Deductions
- 339 Moving Expense Deduction
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### Responding to Your Income Tax Bill

- 351 Responding to Your Income Tax Bill/Payment by Credit Card
- 352 Understanding Penalties and Interest
- 353 Wage and Bank Levy
- 354 Liens Upon Property

### Massachusetts Trustee Taxes — Registration Information

- 501 Registration — General Information
- 502 How Do I Remit My Taxes in a Timely Manner?

### Withholding

- 511 Am I an Employer and What are My Responsibilities?
- 512 Who is an Employee and How Much Do I Withhold?
- 513 Which Employers Must File Form(s) W-2?
- 514 Do I Withhold Massachusetts Income Tax from Household Help?
- 515 Withholding and Reporting Requirements for Pensions and Annuities

### Room Occupancy

- 521 Room Occupancy — General Information

### Sales Tax

- 531 Sales Tax — General Information
- 532 What Are My Responsibilities as a Sales/Use Tax Vendor?
- 533 What Items are Exempt from Sales/Use Tax?

### Sales Tax on Meals

- 541 Meals Tax — General Information

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- 551 Motor Vehicles — General Information

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- 581 Partnerships — General Information/Forms
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- 701 Who Must File and Pay Corporate Excise?
- 702 Which Form Should Be Filed?
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- 708 Extension Filing Requirements for Corporations

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- 801 General Information for Estates with Date of Death before January 1, 1997
- 802 Estate Tax Reduction and "Sponge Tax"
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### Your Rights as a Taxpayer

- 901 Taxpayer Rights and Responsibilities
- 902 When Do I Call the Problem Resolution Office?
- 903 Taxpayer Advocate
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## Who Must File

You must file a Massachusetts Nonresident/Part-Year Resident Income Tax Return, Massachusetts Form 1-NR/PY, if you were not a resident of Massachusetts and you received Massachusetts source income in excess of your personal exemption multiplied by the ratio of your Massachusetts income to your total income, or you were not a resident of Massachusetts for the full year and your gross income was more than \$8,000 — whether received from sources inside or outside of Massachusetts.

Check the following categories to make sure you are a nonresident/part-year resident.

1. You are a **full-year Resident** if your legal residence (domicile) was in Massachusetts for the entire taxable year or if you maintained a permanent place of abode in Massachusetts and during the year spent more than 183 days, in the aggregate, in the state. If you fit this description, you should file Form 1, Massachusetts Resident Income Tax Return.
2. You are a **Nonresident** if you are not a resident of Massachusetts as defined above but received Massachusetts source income (e.g. from a job in Massachusetts). Fill in the “Nonresident” oval at the top of the form if this category applies to you.
3. You are a **Part-Year Resident** if, during the taxable year, you moved to Massachusetts or established a permanent place of abode here and became a resident, or you terminated your status as a Massachusetts resident to establish a residence outside the state. Fill in the “Part-year resident” oval at the top of the form if this category applies to you.
4. Complete the checklist below to determine if you are required to file Form 1-NR/PY as both a **Nonresident** and **Part-Year Resident**.

*Line 1. Were you a Massachusetts resident for part of the 2000 tax year?* ☐ Yes ☐ No.

*Line 2. While you were not a resident of Massachusetts in tax year 2000, did you receive Massachusetts source income (e.g., from a job in Massachusetts)?* ☐ Yes ☐ No.

If you answered “Yes” to line 1 only, you should file as a **Part-Year Resident**.

If you answered “Yes” to line 2 only, you should file as a **Nonresident**.

If you answer “Yes” to **both** line 1 and line 2, you must file **both** as a **Nonresident** and **Part-Year Resident**. Fill in the “Filing as both a nonresident and part-year resident” oval below the address section of the form if this category applies to you. Complete Schedule R/NR, Resident/Nonresident Worksheet, to calculate the portion of income earned while a Nonresident and the portion of income earned while a Part-Year Resident. Schedule R/NR is included in this booklet.

For more information on Massachusetts source income, refer to the section “Filing Your Mass. Return.”

## Form 1-NR/PY Checklist

Use this checklist before mailing your return to help avoid any errors that may delay the processing of your return.

- ☒ Is your preprinted name and address correct?
- ☒ If you received a preprinted Form 1-NR/PY booklet in the mail, be sure to retain the four-digit Personal Identification Number (PIN) printed on the back cover. You may need it use DOR’s Web-based and/or Interactive Voice Response (IVR) applications, such as checking the status of your refund.
- ☒ Have you entered your Social Security number(s) on Form 1-NR/PY, even if you received a preprinted booklet in the mail?
- ☒ Have you completed your Form 1-NR/PY in black ink?
- ☒ Are all ovals filled in as necessary?
- ☒ If using the whole-dollar method, have you filled in the correct oval?
- ☒ If filing Schedule D, have you completed and enclosed pages 1–4?
- ☒ Have you printed all dollar amounts completely within the boxes?
- ☒ Have you marked an “X” in any form or schedule box that shows a loss?
- ☒ Is your Social Security number correct on your Form(s) W-2 or 1099? If incorrect, make the necessary changes on Form(s) W-2 or 1099.
- ☒ Have you attached with a single staple your Forms W-2 or 1099 to the return where indicated?
- ☒ If making a payment, have you stapled your check to the front of Form PV, Massachusetts Income Tax Payment Voucher, and enclosed (not stapled) Form PV with your return? Form PV is attached to the back of the “Payment Due” envelope found in this booklet.
- ☒ Are you filing an original copy of the form? Remember, photocopies of the forms and schedules are not acceptable.
- ☒ Have you enclosed (not stapled) all supporting schedules and documentation?

## Major 2000 Tax Changes

### Tax Lowered on Wages, Salaries and Certain Other Items of Income

Legislation passed in 1999 provides a reduction of the tax rate on wages, salaries, and certain other items of income that will be phased in over a three-year period starting with tax year 2000. This category of income includes such items as wages, salaries, other employee compensation, tips, pensions, partnership income, business income, rents, alimony, winnings and

Massachusetts bank interest. The tax rate on this category of income is decreased from 5.95% to 5.85% for taxable year 2000.

### **Tax Lowered on Interest and Dividends**

Under a recent law change, the tax rate on dividends and interest (other than interest from Massachusetts banks) is the same as the tax rate on the category of income including wages, salaries, etc., that is more fully described above. As a result, when the tax rate on income including wages, salaries, etc. changes, the tax rate on dividends and interest will change to the same rate. The tax rate on dividends and interest is decreased from 5.95% to 5.85% for taxable year 2000. 12% income continues to include short-term capital gains, as well as short- and long-term capital gains arising from the sale of collectibles and pre-1996 installment sales classified as capital gain income for Massachusetts purposes.

### **Tax Lowered on Capital Gains/Change in Tax Rates**

Legislation passed in 1994 reduced the tax on gain from the sale of capital assets held for more than one year. For purposes of the law, holding periods will be deemed not to have begun prior to January 1, 1995. The lower tax rates, ranging from 5% to 0%, will be gradually phased in over six years as holding periods increase from the deemed commencement date. The law expands the definition of a capital asset and allocates capital gains and losses into either 12% income or long-term capital gain income based on the capital asset's character and holding period. There are special rules for collectibles that are capital assets such as antiques, gems, and works of art.

The new law defines "capital gain income" as gain from the sale or exchange of a capital asset. The definition of "capital asset" has been expanded to include: (1) an asset which is a capital asset under IRC sec. 1221, or (2) property that is used in a trade or business within the meaning of IRC sec. 1231(b) without regard to the holding period as defined in said sec. 1231(b).

Applicable to tax years beginning on or after January 1, 1996, reduced tax rates on long-term capital gains will be phased in year by year over a six-year period. The applicable tax rate is 5% if the capital asset was held for more than one year but not more than two years, 4% if the capital asset was held for more than two years but not more than three years, 3% if the capital asset was held for more than three years but not more than four years, 2% if the capital asset was held for more than four years but not more than five years, and 1% if the capital asset was held for more than five years. For each subsequent tax year, the longest possible holding period increases by one year, and lower tax rates apply accordingly. By tax year 2001 when the law is fully operational, gains on the sale of capital assets held more than one year will be taxed at the following rates: capital assets held for more than one year but less than or equal to two years will be taxed at 5%; more than two years but less than or equal to three years will be taxed at 4%; more than three years

but less than or equal to four years will be taxed at 3%; more than four years but less than or equal to five years will be taxed at 2%; and more than five years but less than or equal to six years will be taxed at 1%. Capital assets held for more than six years will not be subject to tax.

**Note:** For a detailed explanation of the new law, see DOR's Regulation on Capital Gains and Losses, 830 CMR 62.4.1.

As a result of the above changes, the various classes of Mass. gross income are now allocated among three categories:

► Gains on the sale of capital assets (excluding collectibles) held for more than one year but not more than two years are taxed as 5% income, those held for more than two years but not more than three years are taxed as 4% income, those held for more than three years but not more than four years are taxed as 3% income, those held for more than four years but not more than five years are taxed as 2% income, and those held for more than five years are taxed as 1% income in tax year 2000. Allowable deductions from these items of income include losses on the sale of capital assets held for more than one year, certain losses on the sale of capital assets held for one year or less, allowable deductions from your trade or business, and excess exemptions.

► Dividends and interest (other than interest from Massachusetts banks) are taxed at the rate of 5.85% for tax year 2000. 12% income continues to include short-term capital gains as well as short- and long-term capital gains arising from the sale of collectibles and pre-1996 installment sales classified as capital gain income for Massachusetts purposes. Allowable deductions from these items of income include allowable deductions from your trade or business, losses on the sale of capital assets held for one year or less, certain losses on the sale of capital assets held for more than one year, a 50% deduction for gains on the sale of collectibles and pre-1996 installment sales classified as capital gain income held for more than one year, and excess exemptions.

► 5.85% income will consist of all income (except dividends and interest, other than interest from Massachusetts banks) that is not 5% income, 4% income, 3% income, 2% income, 1% income, or 12% income, including such items as wages, salaries, tips, other employee compensation, pensions, partnership income, business income, rents, alimony, winnings and Massachusetts bank interest.

### **Massachusetts Adopts the U.S. Internal Revenue Code (IRC) as of January 1, 1998**

Massachusetts generally adopts the federal treatment of items of income and the federal exclusions from gross income. In addition, certain deductions allowed for federal tax purposes are allowed for Massachusetts tax purposes. With certain exceptions, Massachusetts now adopts the Internal Revenue Code as

amended and in effect on January 1, 1998. The exceptions, which will be treated according to the current Internal Revenue Code, are listed below. See TIR 98-15 for an explanation of the major changes to the Massachusetts personal income tax provisions as a result of the adoption of the January 1, 1998 Internal Revenue Code.

### **Federal Law Changes NOT Adopted by Massachusetts**

► **Parking, T-Pass and Vanpool Fringe Benefits — IRC sec. 132(f).** Generally, Massachusetts follows the exclusion from an employee's gross income for employer-provided parking, T-Pass, and vanpool benefits. However, two federal acts subsequent to January 1, 1998, have created differences between the Massachusetts and federal treatment of this exclusion. Specifically, the exclusion amounts are higher for Massachusetts purposes, and Massachusetts will not allow an exclusion for T-Pass and vanpool benefits unless they are provided by an employer without charge to the employee. These differences will be reflected in the Form W-2 provided by your employer. See TIR 00-4.

► **Self-Employed Health Insurance Deduction — IRC sec. 162(l).** A federal and Massachusetts deduction is allowed for amounts paid for medical care insurance for a self-employed taxpayer and his or her spouse and dependents. For federal purposes the deduction will be 60% of the qualified insurance payments for the 2000 tax year. However, due to differences between the Internal Revenue Code as amended and in effect as of January 1, 1998, and the current year, only 50% of the qualified insurance payments are deductible for Massachusetts purposes for the 2000 tax year.

### **Massachusetts Adopts the Current (post-1998 changes) U.S. Internal Revenue Code for Certain Federal Tax Provisions**

The areas in which Massachusetts applies the current (which will include changes that have taken place after January 1, 1998) Internal Revenue Code consist of:

- exclusions of certain income derived from Roth IRAs as defined in IRC sec. 408A and Education IRAs as defined in IRC sec. 530;
- treatment of rollovers from a traditional to Roth IRAs;
- exclusion of gain from the sale of a principal residence provided by IRC sec. 121;
- deduction of trade or business expenses under IRC sec. 162(a); and
- the limitations provided by IRC secs. 274(m) & (n) for the deduction of certain travel, meals and entertainment expenses.

For more information, see TIRs 98-8 and 98-15.

### **Recovered Assets of Holocaust Survivors**

Legislation passed in 2000 provides a deduction from Massachusetts gross income for certain payments received by a Holocaust survivor (or his or her heirs) because of persecution for racial or religious reasons by Nazi Germany or any other Axis regime. The provisions of the law apply to tax years commencing on or after January 1, 1998. For more information, see TIR 00-8.

### **Brownfields Credit**

Under existing law, certain taxpayers are allowed a personal income tax credit for incurring eligible costs to remediate a hazardous waste site on property used for business purposes and located within an economically distressed area. Recent legislation extends the time for incurring eligible costs that qualify for the credit and changes the limitation rules where the taxpayer has received state financial assistance. For more information on these changes, see TIR 00-9.

### **Corporate Trusts**

Under recent legislation, certain dividends received by a resident beneficiary or shareholder of a corporate trust are subject to tax. However, where a taxpayer or the corporate trust also paid tax to another state (or certain other jurisdictions) on this income, he or she may be entitled to a credit for taxes paid to another jurisdiction. For more information, see Department Directive 00-9.

### **Paid Preparer Authorization**

If you want to allow DOR to discuss your 2000 tax return with the paid preparer who signed it, fill in the "Yes" oval in the area where you sign your return. See page 26 for details.

## **Privacy Act Notice**

Under the authority of 42 U.S.C. sec. 405(c)(2)(C)(i), and M.G.L. c. 62C, sec. 5, the Department of Revenue has the right to require an individual to furnish his or her Social Security number on a state tax return. This information is mandatory. The Department of Revenue uses Social Security numbers for taxpayer identification to assist in processing and keeping track of returns and in determining and collecting the proper amount of tax due. Under M.G.L. c. 62C, sec. 40, the taxpayer's identifying number is required to process a refund of overpaid taxes. Although tax return information is generally confidential pursuant to M.G.L. c. 62C, sec. 21, the Department of Revenue may disclose return information to other taxing authorities and those entities specified in M.G.L. c. 62C, secs. 21, 22 or 23, and as otherwise authorized by Law.

# Getting Started

If you follow this easy three-step process, you should be able to complete your form with a minimum amount of time and effort.

## Step One — Gather Your Records

Before you begin, gather all your records together, including your Form(s) W-2 (Wages), W-2G (Winnings), and any Form(s) 1099. Use this information to complete your U.S. Form 1040, 1040A, 1040EZ, 1040NR, 1040NR-EZ or U.S. Telefile Tax Record first. The information on your U.S. return will help you complete your Massachusetts return.

## Step Two — Complete Your Return

First, remove the forms from this booklet. If you received this booklet in the mail and the information in the preaddressed area is correct, file this return with the Department of Revenue. Be sure to enter your Social Security number(s) in the spaces provided. If you received a preprinted Form 1-NR/PY booklet in the mail, be sure to retain the four-digit Personal Identification Number (PIN) printed on the back cover. You may need it use DOR's Web-based and/or Interactive Voice Response (IVR) applications, such as checking the status of your refund. If your address has changed, make all of the necessary changes on the preprinted form. Please keep the extra copy for your records; you may need information from it when you complete your return next year.

When completing your return, simply proceed line by line, reading the instructions for each line before you enter any amounts. Make entries in black ink only. If a line does not apply to you, leave it blank. Be sure to check your return to make sure it is correct.

## Step Three — Sign Your Return

After you have checked your return, be sure to sign it. Your spouse must also sign if it is a joint return. Please note that the signature area is at the bottom of page 3 of Form 1-NR/PY. Form 1-NR/PY is not considered a valid return unless it is signed. Original signatures are required or the return will not be accepted. If a payment is due, be sure to staple your payment to the front of Form PV, Massachusetts Income Tax Payment Voucher, and enclose Form PV with your return. Form PV is attached to the back of the "Payment Due" envelope found in this booklet.

# Common Mistakes

An incomplete or incorrect return can delay the processing of your return. Following are a number of tips to help us process your return as quickly as possible.

**Note:** You should **not** staple any items, other than any required Form(s) W-2 or 1099s, to Form 1-NR/PY. Any enclosures such as schedules, statements, Form PV, Schedule R/NR, etc. should

simply be placed in the envelope along with Form 1-NR/PY when mailing.

► **Missing Social Security Number(s).** Be sure to enter your Social Security number(s) in the spaces provided, even if you received a preprinted booklet in the mail.

► **Incorrect Computation.** The Department corrects many returns each year due to errors in computation. Before mailing your return, check your arithmetic to make sure the computations are correct.

► **Filing Status.** Be sure to fill in the correct oval in line 1, Filing Status. This line is frequently overlooked.

► **Exemptions.** Be sure that you specify the number of exemptions you are claiming in line 4, items b, c and d. Enter the appropriate number(s) in the small white box.

► **Missing Pages of Form 1-NR/PY.** Form 1-NR/PY is three pages. Be sure to include all three pages of the return when mailing.

► **Missing Withholding Statement(s).** Be sure the state copy of all Forms W-2 (Wages), W-2G (Winnings) and any Forms 1099 that show Massachusetts income tax withheld are attached with a single staple. These forms are frequently missing and must be obtained later from you in order to process the return.

► **Missing Supporting Schedules.** Be sure all required schedules are enclosed to support the information on your Form 1-NR/PY. These include Massachusetts Schedules X, Y, Z, B, C, C-2, D (all four pages), E, BC, EC, EOA, FEC, LP, SC and all required U.S. schedules. Also remember to enclose: copies of other states' return when claiming a credit for income tax paid to another state or jurisdiction; a certificate of compliance or verification letter if claiming the Septic Credit; a letter of compliance or interim control if claiming the Lead Paint Credit; or a copy of the response action outcome statement or remedy operation status submitted stamped by the Department of Environmental Protection if claiming the Brownfields Credit. We cannot process your return without these forms.

► **Government Employee Pension Contributions.** If you were a state, local or county employee and made contributions to a Massachusetts state or local pension plan, your total wages for state purposes will be different from the amount you report on your U.S. return. Report your total state wages from your Form(s) W-2 on Form 1-NR/PY.

► **Earned Income Credit.** You must have your federal earned income credit amount from your U.S. return or as computed by the IRS if you wish to claim the earned income credit on Form 1-NR/PY.

► **Missing Signatures.** Thousands of unsigned returns are received by the Department every year. These returns must be returned to the taxpayers for signatures. If a joint return is filed,



both spouses must sign the return. Make sure signatures are on the correct lines.

► **Missing Form PV.** If you are making a payment, make certain you fill out Form PV, Massachusetts Income Tax Payment Voucher, and staple your payment to the front of Form PV. Form PV is attached to the back of the “Payment Due” envelope found in this booklet. Enclose Form PV with your return.

## Filing Your Mass. Return

As a nonresident, you must file Form 1-NR/PY if your Massachusetts source income for 2000 exceeded the smaller of your apportioned personal exemption, or \$8,000.

### What Is Massachusetts Source Income for Nonresidents?

The term “Massachusetts source income” is used throughout this booklet to describe the types of income which are taxable to a nonresident.

A nonresident is only subject to tax on items of income derived from or effectively connected with:

- any trade, business, or employment carried on in Massachusetts (see the following section);
- participation in any lottery or wagering transaction in Massachusetts; or
- ownership of any interest in real or tangible personal property located in Massachusetts.

Some examples of the types of income taxable to a nonresident include:

- all wages, salaries, tips, bonuses, fees and other compensation which relate to activities carried on in Massachusetts, regardless of where the compensation is paid;
- unemployment compensation related to previous Massachusetts employment;
- profit from a business, trade, profession, partnership or S corporation conducted in Massachusetts;
- rents and royalties from real and tangible personal property located in Massachusetts or from other business activities in Massachusetts;
- gain from the sale of real or tangible personal property located in Massachusetts; and
- interest and dividends, only if derived from or connected with Massachusetts business activity, or the ownership of Massachusetts real estate or tangible personal property.

Income from Massachusetts sources which is not taxed to residents is not taxed to nonresidents, e.g., interest on debt oblig-

ations of the U.S. and amounts received as Social Security and worker's compensation.

In general, the same exemptions and deductions allowed to residents are available to nonresidents to determine taxable income. These items are allowed, however, only to the extent they relate to, or are allocable to, Massachusetts source income.

### Am I Carrying on a Trade, Business or Employment in Massachusetts as a Nonresident?

A nonresident generally does not have a trade, business or employment carried on in Massachusetts if his/her presence for business in Massachusetts is casual, isolated and inconsequential. A nonresident's presence for business will be considered casual, isolated and inconsequential if it meets any of the following:

- The nonresident's presence for business in Massachusetts does not exceed 10 days in the taxable year except that a nonresident directly earning more than \$6,000 of gross income from business or employment activities — for example, a commission earned by a salesperson for a Massachusetts sale does not have a casual, isolated or inconsequential presence for business in Massachusetts, regardless of the number of days in Massachusetts;
- The gross income from presence for business in Massachusetts does not exceed \$6,000 in the taxable year; or
- The nonresident's business presence in Massachusetts is ancillary to the nonresident's primary business or employment duties performed at a base of operations outside Massachusetts, e.g., an occasional presence in Massachusetts for management functions, and other similar activities which are secondary to the individual's primary out-of-state duties.

### Are Military Personnel Required to File?

If you enlisted in the service as a Massachusetts resident and have not established a new domicile (legal residence) elsewhere and if your gross income is more than \$8,000, you are required to file a Massachusetts income tax return. This applies even though you may be stationed outside of Massachusetts. The terms “legal residence” and “domicile” are used to denote that place where you have your permanent home and to which, whenever you are absent, you have the intention of returning. Nonresident military personnel stationed in Massachusetts may be subject to Massachusetts taxes and should file Form 1-NR/PY if they earn income from other than military sources.

No guidance is intended on the tax status of such pay under the laws of other states. Generally, when income is taxable in two jurisdictions, a credit for taxes paid to the other jurisdiction is allowed on the taxpayer's return in the state of his/her residence.

## How Do I Determine My Legal Residence (Domicile)?

Your legal residence is determined by all the facts and circumstances in your case. If you have two or more residences, your legal residence is the one you regard as your true home or principal residence. You cannot choose to make your home in one place for the general purposes of life and in another for tax purposes. Your legal residence is usually the place where you maintain your most important family, social, economic, political and religious ties. A change of legal residence will not be accomplished by a temporary or protracted absence from a place; you must not intend to return.

**Note:** A person is also considered a resident if they maintain a permanent place of abode in Massachusetts and spend more than 183 days, in the aggregate, in the state. See Technical Information Release (TIR) 95-7 for a further explanation.

## What is Gross Income For a Part-Year Resident?

As a part-year resident, you must file Form 1-NR/PY if your gross income was more than \$8,000 — whether received from sources inside or outside of Massachusetts. Gross income for a part-year resident includes the following:

- all wages, salaries, tips, bonuses, fees & other compensation;
- taxable pensions and annuities;
- alimony;
- income from a business, trade, profession, partnership, S corporation, trust or estate;
- rental, royalty and REMIC income;
- unemployment compensation;
- taxable interest and dividends;
- gambling winnings;
- capital gains;
- taxable portion of scholarships and fellowships; and
- any other income not specifically exempt.

Massachusetts gross income also includes the following which are not subject to the U.S. income tax:

- interest from obligations of states and their political subdivisions, other than Massachusetts and its political subdivisions; and
- income earned by a resident from foreign employment.

Massachusetts gross income does not include:

- interest on obligations of the U.S.; and
- amounts received as U.S. Social Security, public welfare assistance, Veterans Administration disability payments, G.I. Bill education payments, worker's compensation, gifts, accident or life insurance payments, or certain payments received by Holocaust survivors.

## What Adjustments Must I Make as a Part-Year Resident?

Part-year residents must adjust income, deductions and exemptions when completing Form 1-NR/PY. In general, these items are reduced because all of your income will not be subject to Massachusetts tax. Your deductions and exemptions are based on the number of days you were a Massachusetts resident or the amount of income that is subject to Massachusetts tax.

### Income: Lines 5 through 11, 23b, 25 and 26

If you earned only a portion of the income you reported on your U.S. return while you were a Massachusetts legal resident, subtract from your U.S. income the amount earned and received while you were legally domiciled in another state or country. However, you may be required to include all income derived from Massachusetts sources earned while you were a nonresident (e.g., rental property in Massachusetts) on Schedule R/NR, Resident/Nonresident Worksheet.

### Deductions: Lines 15 through 19

Most deductions are based on the actual amounts paid by you associated with the deduction for the period of time you were in Massachusetts.

Line 17 (the deduction for a dependent under age 12), Schedule Y, line 5 (student loan interest deduction, medical savings account (MSA) deduction and the deduction for clean fuel vehicles) and Schedule Y, line 7 (college tuition deduction) are the only deductions based on the proration of the number of days you were a Massachusetts resident. For example, if you are entitled to the dependent under age 12 deduction, and if you lived in Massachusetts for only four months, you can claim a deduction equal to \$400 (one-third of the \$1,200 to which you are otherwise entitled). See line 2 on Form 1-NR/PY for the proration formula.

Lines 15, 16 and 18 and Schedule Y, lines 1–4, line 5 (moving expenses, self-employed health insurance deduction, qualified performing arts-related expenses, jury duty pay given to your employer, reforestation amortization, repayment of supplemental unemployment benefits under the Trade Act of 1974, employee business expenses of fee-basis state or local government officials, and deductible expenses related to income reported on U.S. Form 1040, line 21 and Massachusetts Schedule X, line 5) and Schedule Y, line 6 are based on the actual amounts paid or received for the period of time you were in Massachusetts. For example, you may only deduct the amount of alimony paid (Schedule Y, line 3) while you were a Massachusetts resident. Similarly, the deduction for penalties on the early withdrawal of savings is only available if the penalties were related to Massachusetts interest income reportable, or previously reported, on a Massachusetts tax return.

## When to File Your Return

### Exemptions: Lines 4a through 4f

Your total exemptions (line 4f) must be prorated based upon the ratio of days you were a Mass. resident. To adjust your exemptions, use the formula in line 2 and see line 22 instructions.

### Earned Income Credit: Line 39

Your earned income credit (line 39) must be prorated based upon the ratio of days you were a Mass. resident. To adjust this credit, use the formula in line 2 and see line 39 instructions.

### Should I Make Estimated Tax Payments in 2001?

Every taxpayer (whether a resident or nonresident) who expects to pay more than \$200 in Massachusetts income taxes on income which is not covered by Massachusetts withholding must pay Massachusetts estimated taxes using Massachusetts Form 1-ES, Estimated Income Tax Vouchers. Visit [www.massdor.com](http://www.massdor.com) for information about online filing options for Form 1-ES. See line 38 instructions for a further discussion of who must pay quarterly estimated taxes to the Department of Revenue.

In most cases, the first payment voucher, Massachusetts Form 1-ES, must be filed on or before April 15 of the taxable year. The estimated tax may be paid in full with the first payment voucher or in four installments on or before April 15, June 15, September 15 of the taxable year and January 15 of the following year.

If 80% of the tax is not paid throughout the year by withholding and/or estimated tax payments you may have to pay a penalty.

### How Do I File a Decedent's Return?

A final income tax return must be filed for a taxpayer who died during the taxable year. It must be signed and filed by his/her executor, administrator or surviving spouse for the portion of the year before the taxpayer's death. Be sure to fill in oval 1 if the taxpayer who was listed first on last year's income tax return is deceased, or oval 2 if the taxpayer who was listed second on last year's income tax return is deceased. Also, enclose a statement with the refund claimant's name and Social Security number clearly printed.

A joint return may be filed by a surviving spouse. In the case of the death of both spouses, a final return must be filed by their legal representative.

Any income received for the decedent for the taxable year after the decedent's death, and for succeeding taxable years until the estate is completed, must be reported each year on Massachusetts Form 2, Massachusetts Fiduciary Income Tax Return.

If the decedent's return shows a refund due, and if the Probate Court has not appointed a legal representative and none is contemplated, a Massachusetts Form M-1310, Statement of Claimant to Refund Due on Behalf of Deceased Taxpayer, must be enclosed with the return so the refund check may be made payable to the proper person.

Form 1-NR/PY is due on or before April 17, 2001.

### How Do I File for an Extension?

To receive an extension of time to file, you must file an Application for Automatic Six-Month Extension of Time to File Massachusetts Income Tax, Massachusetts Form M-4868, and pay the amount of tax you expect to owe on or before the due date for filing your Massachusetts income tax return. The filing and approval of this form will extend the due date for six months. An approved extension means only that you will not be assessed a late penalty for filing your return after the due date. Interest is charged on any tax not paid by the original due date.

If you are filing for an extension and either owe no tax or choose to pay your tax due by Mastercard, Visa, Discover or Novus brand card, you may file your application for extension by touch-tone telephone or via the Web (see page 3 for more information), or if you owe no tax, you may substitute U.S. Form 4868 for the Massachusetts extension form. Be sure to indicate on the form that this extension is for Massachusetts purposes.

### Must I File on a Calendar Year Basis?

No. You may file on a fiscal year basis if you keep your books and records on that fiscal year basis and if you receive permission from the Commissioner of Revenue. If you file on a fiscal year basis, you must file on or before the fifteenth day of the fourth month after the end of the fiscal year.

### What Should I Do if I Make a Mistake or Leave Something Off My Return?

If, after filing your income tax return, you receive an additional tax statement, such as a W-2 or 1099, or discover that an error was made, do not submit a second tax return. If corrections are necessary, you must file Massachusetts Form CA-6, Application for Abatement/Amended Return. This form is available at [www.massdor.com](http://www.massdor.com), or you may have one mailed to you by calling (617) 887-MDOR.

### Name and Address

Use the preaddressed return in the back of the booklet we sent you if all of the preprinted information is correct. Be sure to enter your Social Security number(s) in the space(s) provided. If you received a preprinted Form 1-NR/PY booklet in the mail, be sure to retain the four-digit Personal Identification Number (PIN) printed on the back cover. You may need it use DOR's Web-based and/or Interactive Voice Response (IVR) applications, such as checking the status of your refund. If your address has changed, please make all of the necessary changes on the preprinted form. If you did not receive a preaddressed return, print the full name, address, and Social Security number of each person filing the return in the spaces provided. Enter names as they appear on your federal return. Also, please enter the phone number where you can be reached during the day. This will enable us to contact you if there are any problems processing your

return. Like all information requested by DOR, your phone number will remain confidential.

### Social Security Number(s)

Be sure to enter your Social Security number on your return, even if you received a preprinted booklet in the mail. Failure to show the correct Social Security number in the space provided will delay the processing of your return. If filing jointly, list your numbers in the order they appear on your federal return. Also, be sure your employer has listed the correct Social Security number on your Form W-2.

If you are married, you must list your spouse's Social Security number even if you are filing a separate return.

Beginning January 1, 1997, each foreign person must use an identification number on any U.S. or Massachusetts tax return or refund claim filed. Certain aliens who cannot obtain Social Security numbers (SSNs) must obtain an IRS-issued individual taxpayer identification number (ITINs). This number can be obtained by filing Form W-7 with the IRS. The ITIN is not available for U.S. citizens or persons legally permitted to reside permanently or to work in the United States. These taxpayers qualify for SSNs and should obtain them from the Social Security Administration by filing Form SS-5. You may obtain Form SS-5 from your local Social Security Administration (SSA) or call the SSA at 1-800-772-1213.

### Residency Status

Fill in the "Nonresident" oval if you were not a resident of Massachusetts and you received Massachusetts source income. See the section "What is Massachusetts Source Income for Nonresidents?" on page 9 for an explanation of Mass. source income.

Fill in the "Part-year resident" oval if you were a resident of Massachusetts for less than the full year, you received Massachusetts gross income in excess of \$8,000 and you did not receive Massachusetts source income while a nonresident.

Fill in the "Filing both as a nonresident and part-year resident" oval if both categories apply to you in the same tax year. See the section "Who Must File" on page 5. You must also complete and enclose with your return Schedule R/NR, Resident/Nonresident Worksheet. This worksheet is included in this booklet.

### Name/Address Change

If you legally changed your name or address in 2000, fill in the oval. If you changed your name enclose a copy of your Social Security card or driver's license showing your new name. Failure to include this documentation could delay processing of your return. If you move after filing, be sure to leave a forwarding address with your local post office and file a Change of Address Form with the Massachusetts Department of Revenue.

### Deceased Taxpayer

Be sure to fill in the appropriate oval if a taxpayer died during the taxable year. For further information, refer to the section "How Do I File a Decedent's Return?" on page 11 of the instructions.

### Voluntary Contribution to Massachusetts Election Campaign Fund (for Part-Year Residents Only)

You, and your spouse if filing jointly, may voluntarily contribute \$1 each to the Massachusetts Election Campaign Fund. The purpose of the fund is to provide limited public financing for campaigns for statewide and legislative office and the Governor's Council of candidates participating in the program set up under the 1998 Massachusetts Clean Elections Law. This contribution will not change your tax or reduce your refund.

**Note:** Lines without specific instructions are considered to be self-explanatory.

### Filing Status

#### 1 Single

Fill in the "Single" oval if you were single as of December 31, 2000. This status applies to you if, at the close of the taxable year, you fit into any of the following categories:

- you were unmarried;
- you were a widow or a widower whose spouse died before 2000; or
- you were legally separated under a final judgment of the probate court.

Please note that you are not single if: 1) you have obtained a judgment of divorce which has not yet become final; 2) you have a temporary support order; or 3) you and your spouse simply choose to live apart.

### Married Filing Joint Return

Fill in the "Married filing joint return" oval if you were legally married as of December 31, 2000, and you elect to file a joint return. A joint return is allowed even if only one spouse had income. Both spouses are responsible for the accuracy of all information entered on a joint return, and both must sign. If your spouse died during 2000, you may still choose to file a joint return.

Please note that a joint Form 1-NR/PY is **not** allowed unless each spouse is reporting income for the same resident or nonresident period. For example, John (a Massachusetts resident) and Jane (a New Hampshire resident) both work in Massachusetts. After they were married in June 2000, John moved to New Hampshire to live with Jane. They cannot file a joint return because their nonresident tax years are different. (Jane lived in New Hampshire during the entire year, but John only lived there for six months.)



## Married Filing Separate Return

Fill in the “**Married filing separate return**” oval if you were legally married as of December 31, 2000, but you elect to file a separate return. Enter your spouse’s Social Security number in the space provided.

## Head of Household

Fill in the “**Head of household**” oval if you qualify to file this status federally and would like to file as head of household for Massachusetts purposes.

**Note:** You may wish to figure your taxes based upon more than one filing status to see which status is to your benefit.

## 2 Part-Year Resident Proration Formula

Part-year residents must fill out the proration formula in line 2. Enter the dates you were a Massachusetts resident in the spaces provided. Then, enter the total days you were a Massachusetts resident and divide this number by 365 and carry this division out to four decimal places. Failure to do so may delay the processing of your return. This figure is used to determine the portion of certain deductions, exemptions and the earned income credit a part-year resident may be eligible for.

## 3 Total U.S. Income

Enter the amount of your total income before adjustments from your U.S. return — U.S. 1040, line 22; 1040A, line 15; 1040EZ, line 4; 1040NR, line 23; 1040NR-EZ, line 7; or U.S. Telefile Tax Record, item I. This item is requested for administrative reasons; it is not used in the calculation of your tax. **Note:** If you are filing Form 1-NR/PY as “married filing separate return” and you filed your U.S. return jointly, the amount entered in line 3 should only be the amount attributable to your portion of total U.S. income.

### Whole-Dollar Method

Rounding off all amounts on your return will hasten processing of your return. If doing so, please fill in the appropriate oval. Then, round off, to the nearest dollar, all amounts on the return and on any attached schedules.

- Do not use the whole-dollar method in calculations on worksheets that you use to reach the amounts shown on your return.

### Noncustodial Parent

Fill in this oval if you are a “**noncustodial parent**.” A noncustodial parent is defined as a person who has a minor child, but does not live with the child.

**Note:** If you are the biological parent of a child, but your parental rights have been terminated, you are not the noncustodial parent of that child.

## 4 Exemptions

### Line 4a: Personal Exemptions

Each taxpayer is entitled to claim a personal exemption. The amount of your personal exemption depends on your filing status as filled in line 1: single, married filing a joint return, married filing a separate return or head of household.

- If you are single or married filing a separate return, enter \$4,400 in item a.
- If filing as head of household, enter \$6,800 in item a.
- If married filing a joint return, enter \$8,800 in item a.

### Line 4b: Number of Dependents

You may claim a \$1,000 exemption for each of your dependents if you claimed them on your U.S. return. Enter in the box in item b the number of the dependents you listed on U.S. Form 1040 or 1040A, line 6c or U.S. Form 1040NR, line 7c. Do not include yourself or your spouse. Then, multiply that total by \$1,000 and enter the total amount in line 4b.

You must list the Social Security number of each dependent in the space provided for item b. To apply for a Social Security number, get Form SS-5 from your local Social Security Administration (SSA) office or call the SSA at 1-800-772-1213. If your dependent will not have a Social Security number by April 17, 2001, file Form M-4868, Application for Automatic Six-Month Extension of Time to File Massachusetts Income Tax Return, on or before April 17, 2001. See page 3 for information about filing your extension by telephone or via the Web.

**Note:** In a few cases, the number of dependents claimed for Massachusetts purposes and for U.S. purposes may differ. For U.S. tax purposes, a dependent exemption is not allowed for a person who would otherwise be a dependent but who files his/her own income tax return and claims a personal exemption. For Massachusetts tax purposes, you can claim a dependent exemption for such a person. If you claim such a dependent in Massachusetts, increase the number reported in item b from your U.S. return by the number of such additional dependents.

### Line 4c: Age 65 or Over Before 2001

You are allowed an additional \$700 exemption if you were age 65 or over before January 1, 2001. If your spouse was age 65 or over and you are filing a joint return, you may also claim a \$700 exemption for your spouse. Fill in the appropriate oval(s) and enter the total number of persons age 65 or over in the small box. Then, multiply that total by \$700 and enter the total amount in line 4c.

### Line 4d: Blindness Exemption

You are allowed an additional \$2,200 exemption if you are legally blind. If your spouse is also legally blind and you are filing a joint return, you may also claim a \$2,200 exemption for your spouse. Fill in the appropriate oval(s) and enter the total

number of blindness exemptions in the small box. Then, multiply that total by \$2,200 and enter the total amount in line 4d.

### Legal Definition of Blindness

You are legally blind and qualify for the blindness exemption if your visual acuity with correction is 20/200 or less in the better eye, or if your peripheral field of vision has been contracted to a 10-degree radius or less, regardless of visual acuity.

### Line 4e: Other: Medical and Dental Expenses/Adoption Agency Fee

You may claim an exemption for medical and dental expenses paid during 2000 only if you itemized these expenses on your U.S. Form 1040, Schedule A. If you are married filing a joint U.S. Form 1040, you must file a joint Massachusetts Form 1-NR/PY to claim this exemption. Enter in line 4e, item 1 the amount reported on your U.S. Form 1040, Schedule A, line 4.

If you paid adoption fees to a licensed adoption agency during 2000 and if the adoption fees were more than 3% of your adjusted 5.85% income (for nonresidents, computed as if you were a resident), you are eligible for a limited exemption. Complete the following worksheet.

#### Line 4e Worksheet — Adoption Agency Fee Exemption

Enclose a statement showing the name and address of the licensed adoption agency and your exemption calculation.

Nonresidents enter amounts in B and C computed as if you were a resident. Part-year residents enter amounts in B and C computed as if you were a full-year resident. Enter all losses as "0."

- A. Licensed adoption agency fees. . . . . \_\_\_\_\_  
 B. 5.85% income from Form 1-NR/PY, line 12\* . . . . . \_\_\_\_\_  
 C. Enter the total of Schedule Y, lines 1 through 5. . . . . \_\_\_\_\_  
 D. Subtract item C from item B. . . . . \_\_\_\_\_  
 E. Enter the total Massachusetts bank interest or the interest exemption amount, whichever is smaller, from Form 1-NR/PY, line 7a or line 7b. . . . . \_\_\_\_\_

**Note:** If Form 1-NR/PY, line 12 is a loss, combine Form 1-NR/PY, line 12 with the smaller amount of total Massachusetts bank interest or the interest exemption amount. Enter the result in item E above, unless the result is a loss. If the result is a loss, enter "0."

- F. Adjusted 5.85% income. Add items D and E. . . . . \_\_\_\_\_  
 G. 3% of adjusted income. Multiply item F by .03. . . . . \_\_\_\_\_  
 H. Allowable Adoption Agency Fee Exemption. Subtract item G from item A and enter in Form 1-NR/PY, line 4e, item 2 . . . . . \_\_\_\_\_

\*Add back any Abandoned Building Renovation deduction claimed on Schedule(s) C and/or E.

Add item 1 and item 2 and enter the total in line 4e.

### Line 4f: Total Exemptions

Add lines 4a through 4e and enter the total in line 4f. This amount should also be entered on line 22a of Form 1-NR/PY.

### Lines 5 through 11

Income received by nonresidents is taxed only when it is from Massachusetts sources. Refer to the general instructions in this booklet for a definition of Massachusetts source income. The instructions for each of these lines will describe Massachusetts source income in more detail. For part-year residents, income received while a resident, whether from sources inside or outside of Massachusetts, is taxable.

Your entries must agree with the appropriate amounts on your copies of Forms W-2 and 1099, and/or required schedules for lines 8 and 9. Nonresidents, if your actual Massachusetts income is not known, see the Nonresident Apportionment Worksheet in line 13 and accompanying instructions. **Note:** You cannot apportion Massachusetts wages as shown on Form W-2.

## 5.85% Income

DOR and the IRS maintain an extensive exchange program, routinely sharing computer tapes and audit results. Discrepancies between income, deductions, and schedules reported federally and on this return, except those allowed under state law, will be identified and may result in a state audit or further investigation.

**Note:** If filing as both a nonresident and part-year resident, you must complete Schedule R/NR, Resident/Nonresident Worksheet, before proceeding.

## 5 Wages, Salaries, Tips, and Other Employee Compensation

Report in line 5 total state wages from Form(s) W-2. Enter the amount(s) stated as Massachusetts wages. **Note:** Part-year residents, income earned while a Massachusetts resident in another state is subject to taxation in Massachusetts. In most cases your total wages will be the same amount reported on your U.S. 1040 or 1040A, line 7; U.S. 1040EZ, line 1; U.S. 1040NR, line 8; or U.S. 1040NR-EZ, line 3 unless:

- ▶ you or your spouse earned income from employment outside Massachusetts (nonresidents only);
- ▶ you were a Massachusetts legal resident working in a foreign country (part-year residents only);
- ▶ you were a legal resident of Massachusetts for only a part of 2000; or
- ▶ you were a state or local employee and made contributions to a Massachusetts state or local pension plan.

### Differences Between Wages for Massachusetts Tax Purposes and Those Reported on Your U.S. Return

Nonresidents earning a portion of income from employment outside Massachusetts. If a portion of the wage income reported on your U.S. return was earned outside Massachu-

setts, the amount in line 5 should not include wages earned in another state or country.

► **Massachusetts legal residents working in a foreign country while a Massachusetts resident.** Income earned in a foreign country is subject to taxation in Massachusetts. If you excluded part or all of the compensation earned in a foreign country on your U.S. return (under sec. 911 of the U.S. IRC), you must include any such amount in line 5 for Massachusetts tax purposes.

► **Part-year residents of Massachusetts.** If you earned only a portion of the income you reported on your U.S. return while you were a Massachusetts legal resident, subtract from your U.S. wages the amount earned and received while you were legally domiciled in another state or country.

► **State or local employees contributing to pension plans.** If you are a Massachusetts state, city, town or county employee and contributed to your pension plan, enter in line 5 the Form W-2 state wage amount. This amount will be greater than the U.S. amount because your pension contributions are excluded from your income for U.S. tax purposes. Contributions up to \$2,000 may still be deducted in line 15a or 15b for Massachusetts tax purposes.

## 6 Taxable Pensions and Annuities

**Nonresidents.** Under Title 4 of the United States Code, section 114, payments to nonresidents from certain qualified pension plans are not subject to tax.

Qualified plans include: a qualified trust under IRC sec. 401(a) exempt from taxation under IRC sec. 501(a); simplified IRC sec. 408(k) plans; IRC sec. 403(a) annuity plans; IRC sec. 403(b) annuity contracts; IRC sec. 7701(a) (37) individual retirement plans; eligible deferred compensation plans of state and local governments and tax exempt organizations as defined by IRC sec. 457; IRC sec. 414(d) government plans; a trust or trusts described in IRC sec. 501(c) (18); and any plan, program or arrangement described in IRC sec. 3121(v)(2)(C) if payments are made at least annually and spread over the actuarial life expectancy of the beneficiaries, or if payments are spread over at least a ten-year period. Such income is also protected from state taxation if the plans are trusts under IRC sec. 401(a), but exceed limits laid down in IRC secs. 401(k), 401(m), 402(g), 403(b), 408(k) or 415 or any other limitation on contributions or benefits which may apply in the Code.

Retirement or retainer pay of a member or former member of a uniformed service computed under 10 U.S.C. chapter 71 (military pensions) received by a nonresident is also exempt.

Any income from pensions related to a Massachusetts trade, business or employment that is not derived from one of the qualified pension plans listed above is taxable. Enter in line 6 the portion of those pensions reported on your U.S. Form

1040, line 16a or U.S. Form 1040A, line 12a, that are taxable to Massachusetts nonresidents.

**Part-year residents.** Income from most private pensions or annuity plans is taxable in Massachusetts. You must report the taxable pension income you received while a resident of Massachusetts. Certain government pensions, however, are exempt under Massachusetts law. In general, exempt pensions include contributory pensions from the U.S. Government or the Commonwealth of Massachusetts and its political subdivisions, and noncontributory military pensions. The following section describes some specific pensions which are exempt. If your pension is not exempt, you should generally enter in line 6 the taxable amount reported on your U.S. Form 1040, line 16b or U.S. Form 1040A, line 12b. In some cases, however, Massachusetts law requires an adjustment to the federal amount. Distributions from annuity, stock bonus, pension, profit-sharing or deferred payment plans or contracts described in secs. 403(b) and 404 of the U.S. IRC must be adjusted to account for your contributions that have been previously taxed. Subtract from such income (as reported on your U.S. Form 1040, line 16a or U.S. Form 1040A, line 12a) the amount of your contributions which were previously taxed by Massachusetts until the total of your taxed contributions is received. If your pension falls into this category, enter the adjusted amount in line 6 and explain briefly (in an enclosed statement) why this amount is different than the amount reported on your U.S. return. If you are receiving distributions from an IRA or Keogh plan, do not report the income here; instead, please refer to the instructions for Schedule X on page 28.

### What pensions are exempt?




► Pension income received from a contributory annuity, pension, endowment or retirement fund of the U.S. Government or the Commonwealth of Massachusetts and its political subdivisions.

► Pensions from other states or its political subdivisions which do not tax such income from Massachusetts or its political subdivisions may be eligible to be deducted from Massachusetts taxable income. This pension income, however, should be reported in line 6. Refer to Schedule Y, line 6 instructions to determine eligibility for this deduction.

► Noncontributory pension income or survivorship benefits received from the U.S. uniformed services (Army, Navy, Marine Corps, Air Force, Coast Guard, commissioned corps of the Public Health Service and National Oceanic and Atmospheric Administration) is exempt from taxation in Massachusetts.

► Massachusetts state court judges who were appointed on or after January 2, 1975 are participants in the Massachusetts contributory retirement system and their pensions are nontaxable. State court judges who were appointed prior to January 2, 1975 receive taxable noncontributory pensions.

*Jane had \$90 in Massachusetts bank interest in line 7a. The exemption amount is \$100. Therefore, Jane makes no entry in line 7.*

**7** Mass. bank interest: a.  90.00 – b. exemption  100.00 = 7 

Exemption: if married filing jointly, subtract \$200 from Total; otherwise subtract \$100 & enter result

Enter the amount of such income or loss that would be reported on Massachusetts Schedule C, line 31. Enclose Massachusetts Schedule C and a copy of your U.S. Schedule C or U.S. Schedule C-EZ. If you are substituting U.S. Schedule C or Schedule C-EZ for Massachusetts Schedule C and there are no differences between the amounts reported on U.S. Schedule C or Schedule C-EZ and amounts that would be reported on Massachusetts Schedule C, write "No Massachusetts Differences" on the top of U.S. Schedule C or Schedule C-EZ. Nonresidents, if your busi-



ness or profession derived income from both inside and outside Massachusetts, see the Nonresident Apportionment Worksheet instructions in line 13.

If you operate a farm as an individual or cooperative, enter the amount of income or loss from operating a farm from U.S. Schedule F, Profit or Loss from Farming, line 36. Enclose a copy of U.S. Schedule F.

## **9 Rental, Royalty, REMIC, Partnership, S Corporation, Trust Income or Loss**

**Nonresidents.** Report the amount of Massachusetts source income or loss from the items listed above.

**Part-year residents.** Report the amount of income or loss from the items listed, received while a resident of Mass., whether derived from sources inside or outside of Massachusetts.

Enter in line 9 the total of: Massachusetts Schedule E, Part I, line 5; Part II, line 8; and Part III, line 11. Remember to subtract losses when calculating the total. You must enclose Massachusetts Schedule E and a copy of U.S. Schedule E. Explain on an enclosed sheet any differences in amounts entered on the Massachusetts and U.S. schedules. See Massachusetts Schedule E instructions for an explanation of possible differences.

## **10 Unemployment Compensation**

**Nonresidents.** Enter the portion of your unemployment compensation reported on U.S. Form 1040, line 19; U.S. Form 1040A, line 13; U.S. Form 1040EZ, line 3; U.S. Form 1040NR, line 20; or U.S. Telefile Tax Record, item D, related to previous Massachusetts employment. Only unemployment compensation related to previous Massachusetts employment is taxable to nonresidents. If you elected voluntary withholding of Massachusetts state income taxes on your unemployment compensation, be sure to include the amount of Massachusetts state income tax withheld as reported on Form 1099-G on Form 1-NR/PY, line 36 and attach with a single staple, where indicated on the return, Form 1099-G.

**Part-year residents.** Enter in line 10 the amount of unemployment compensation reported on U.S. Form 1040, line 19; U.S. Form 1040A, line 13; U.S. Form 1040EZ, line 3; U.S. Form 1040NR, line 20; or U.S. Telefile Tax Record, item D, received while you were a resident of Massachusetts, whether related to employment inside or outside of Massachusetts. If you elected voluntary withholding of Massachusetts state income taxes on your unemployment compensation, be sure to include the amount of Massachusetts state income tax withheld as reported on Form 1099-G on Form 1-NR/PY, line 36 and attach with a single staple, where indicated on the return, Form 1099-G.

## **11 Other Income (from Schedule X)**

### **Alimony Received, Taxable IRA/Keogh and Roth IRA Distributions, Massachusetts State Lottery Winnings, Other Gambling Winnings, Fees and Other 5.85% Income**

“Other 5.85% income” includes the items listed above and must be included on Schedule X. Enter the total from Schedule X, line 6. Not less than “0.” Be sure to enclose Schedule X with your return. Enclose an additional statement if more space is needed. Failure to enclose this schedule will delay the processing of your return. See Schedule X instructions on page 28.

## **12 Total 5.85% Income**

Add lines 5 through 11 and enter the total in line 12. Remember to subtract any losses marked with an “X” when calculating the total.

# **Apportionment — Nonresidents Only**

Sometimes your business or employment requires you to work both inside and outside Massachusetts, but you do not know the actual amount of income you earned from working in Massachusetts. In this case, you must apportion your income so that only the correct portion (the amount attributable to Massachusetts) will be taxed by Massachusetts. Some nonresidents must use the Nonresident Apportionment Worksheet in line 13 for this purpose.

## **Who Cannot Apportion Income?**

If you know the actual amount of your Massachusetts source income, do not apportion. Report your income taxable in Massachusetts on your Massachusetts return. Examples of nonresidents who **cannot** apportion include:

- ▶ an employee whose actual Massachusetts income is shown on Form W-2;
- ▶ an employee whose Form W-2 does not indicate initially his/her actual Massachusetts income but whose employer issues a corrected Form W-2 or other statement which breaks down this amount. Since your employer is required by law to withhold Massachusetts tax on your Massachusetts wages, this breakdown will be easy to obtain; and
- ▶ a self-employed person whose actual Massachusetts income is known, such as a surgeon who comes to Massachusetts to perform a specific operation for a set fee.

In the few cases when your employer fails to issue a separate Form W-2 that includes only Massachusetts earnings, you may use the Nonresident Apportionment Worksheet to adjust your earnings.

## Who Must Use the Nonresident Apportionment Worksheet?

If your employment or business took you both inside and outside Massachusetts and you do not know the actual amount of income you earned in Massachusetts, you must use the Nonresident Apportionment Worksheet if you are a self-employed person or employee who is on an hourly, daily, weekly, monthly or mileage basis, or whose compensation depends upon sales, at least some of which take place outside of Massachusetts.

## Who Can Apportion Income but Cannot Use the Nonresident Apportionment Worksheet?

If you do not know the actual amount of income you earned in Massachusetts from one business or employment, but you do not fit into any of the categories listed in the preceding section, you should **not** use the Nonresident Apportionment Worksheet. See the section on “Special Apportionment Methods” for your apportionment method.

Examples of nonresidents who must apportion income using one of these special methods include:

- ▶ an independent business or professional person whose income does not depend on sales, days or mileage;
- ▶ an entertainer or athlete whose income does not depend solely on receipts or winnings;
- ▶ a general or limited partner in a partnership; and
- ▶ a shareholder of an S corporation with Massachusetts source income.

## Apportionment Methods

If you use the Nonresident Apportionment Worksheet, fill in the oval for the appropriate basis and then follow the instructions. If you have more than one business or employment requiring the use of the worksheet, complete and enclose one worksheet for each business or employment.

- ▶ **Working days basis.** This basis should be used by employees or self-employed persons who qualify to use the Nonresident Apportionment Worksheet and who are compensated on an hourly, daily, weekly or monthly basis. The income of these taxpayers is to be allocated to Massachusetts in the proportion that the amount of time spent working in Massachusetts bears to the total working time.
- ▶ **Mileage basis.** An employee or self-employed person whose compensation depends on miles traveled is taxed on that portion of total compensation received in which the miles traveled within Massachusetts bear to total miles traveled.
- ▶ **Sales basis.** For an employee or self-employed person whose compensation depends upon sales or commissions, taxable income includes that portion of total compensation received which the sales made inside Massachusetts bear to total sales. (For the purposes of making this allocation, all sales for which

the taxpayer takes orders inside Massachusetts are attributable to this state, regardless of whether the formal acceptance of the contract of sale takes place inside or outside Massachusetts.)

## Special Apportionment Methods

If you earned income both inside and outside Massachusetts from one business or employment, and your actual Massachusetts income is not known and you cannot use the Nonresident Apportionment Worksheet in line 13, use the following appropriate apportionment method.

- ▶ **Self-employed and professional persons.** If you earned income from both inside and outside Massachusetts and your books do not accurately reflect your Massachusetts source income, you must use a three-factor formula to apportion your Massachusetts income. Instructions for this method of apportionment are in Massachusetts Regulation 830 CMR 62.5A.1.
- ▶ **Entertainers and professional athletes.** If you are a nonresident entertainer who performed in Massachusetts and you were not paid specifically for the performance in Massachusetts, or if you are a nonresident professional athlete who took part in performances, bouts, meets, matches or games that occurred in Massachusetts and you were not paid for the specific event played in Massachusetts, you must use the apportionment formula set forth in Massachusetts Regulation 830 CMR 62.5A.1.
- ▶ **Nonresident partners.** If you are a nonresident general or limited partner, you are taxed on your distributive share of the income received by the partnership to the extent that the partnership income is Massachusetts source income, determined as if the partnership were a nonresident individual. If you are entitled to apportionment, the partnership will apportion its income and notify you of your share.
- ▶ **Nonresident shareholders of an S corporation.** If you are a nonresident shareholder in an S corporation, you are taxed on the distributive share of income received by the S corporation to the extent that the S corporation income is Massachusetts source income. If you qualify for apportionment, the S corporation will apportion its income and notify you of your share.

## 13 Nonresident Apportionment Worksheet

**13a.** If your income is measured by working days, enter the number of days you worked outside Massachusetts.

**13b.** Enter the number of days you worked inside Massachusetts. (If you spent a working day partly inside and partly outside Massachusetts, treat the day as having been spent one-half inside the state.)

**13c.** Enter the total days worked both inside and outside Massachusetts (the sum of lines 13a and 13b).

**13d.** Enter your nonworking days. Your nonworking days are those days during the year (or during the period you worked, if your job lasted less than a year) that you were not required to

work, such as Saturdays, Sundays, holidays, sick days, vacation and leave with or without pay. Complete the remainder of the Nonresident Apportionment Worksheet as indicated, and enter your Massachusetts income from line 13g in the appropriate line on Form 1-NR/PY. For example, if you are apportioning your wages, enter the amount from line 13g in line 5.

If you are using the mileage or sales basis, substitute mileage or sales for working days and complete all items in the worksheet, except line 13d. Indicate what basis you are using by filling in the appropriate oval, and enter your Massachusetts income from line 13g in the appropriate line on Form 1-NR/PY.

## Nonresident Deduction and Exemption Ratio

Since nonresidents are only taxed on income from Massachusetts sources, the deductions and exemptions allowed to them are limited by the amount of this income. This happens in two ways. The deductions in line 15 and Schedule Y, lines 1, 2, 4, 5 (certain amounts only — see Schedule Y, line 5 instructions) and 6 must be matched to specific items of income taxed on Form 1-NR/PY. Other deductions and all exemptions must be prorated by the ratio of a taxpayer's Massachusetts source income to his/her total income.

### 14 Nonresident Deduction and Exemption Ratio

All nonresident taxpayers must complete lines 14a to 14g to arrive at this ratio. The ratio will be used to determine what amounts, if any, you may deduct in lines 16 and 17; Schedule Y, line 3 (alimony paid deduction), Schedule Y, line 5 (student loan interest deduction, medical savings account (MSA) deduction and the deduction for clean fuel vehicles) and Schedule Y, line 7 (college tuition deduction); the amount of your exemptions in line 22a; and the earned income credit in line 39.

If married filing jointly, include in each line the income for both spouses. Enter any loss as "0."

**14a.** Enter in line 14a total 5.85% income from line 12.

**14b.** Enter in line 14b tax exempt Massachusetts bank interest from the smaller of line 7a or line 7b.

**14c.** Read the instructions for lines 23b, 25 and 26. If these items apply to you, combine Schedule B, line 11 (but not less than "0") and Schedule D, line 12, columns A, B, C, D and E (but not less than "0"), and enter the total in line 14c. If there is no entry in Schedule B, line 11, enter the amount from Form 1-NR/PY, line 23b.

**14e.** Enter in line 14e the total income from non-Massachusetts sources you received during the tax year covered by this return. This is the additional income that would have been reported by

you if you had been a Massachusetts resident that you received from non-Massachusetts sources. This amount is often not the same as the difference between your total U.S. income reported in line 3 and your Massachusetts source income reported in line 14d, due to the differences between Massachusetts and federal tax laws. For example, Massachusetts does not tax interest from U.S. obligations or Social Security benefits. See the following section for a more detailed explanation.

**14g.** Divide line 14d by line 14f. Carry this division out to four decimal places. Failure to do so may delay the processing of your return. Enter the result in line 14g. This is your ratio for deductions and exemptions. It represents the relationship of your Massachusetts source income to your total income.

### Why Might U.S. Total Income in Line 3 Be Different from Total Income in Line 14f?

Taxpayers are required to provide their U.S. total income on Form 1-NR/PY. In addition, taxpayers must indicate on the form the sum of their total Massachusetts 5.85%, 12% and long-term capital gain income and any additional income that would have been reported as Massachusetts income had they been Massachusetts residents. Due to differences between Massachusetts and federal tax laws these two amounts may not be the same.

To reconcile the two amounts, the following types of income included in the U.S. total income, but not taxable in Massachusetts should be subtracted from the U.S. total:

- Social Security and Tier I Railroad Retirement benefits;
- pensions from contributory retirement plans of the U.S., or Massachusetts and its political subdivisions;
- pension income from the U.S. military;
- U.S. bond interest;
- state tax refunds; and
- Keogh distributions related to contributions previously taxed by Massachusetts.

Income from the following categories which is not included in U.S. total income must be added back to calculate the total income that would be reported as Massachusetts income had the taxpayer been a Massachusetts resident:

- bond interest from other states;
- up to \$70,000 in foreign-earned income;
- contributions to a pension plan by Massachusetts state or local employees; and
- net operating loss carryforward.

If your total income in line 3 exceeds the amount reported in line 14f by more than 10%, you should enclose a statement explaining the reasons for the difference.

# Deductions

## Lines 15 through 19

Massachusetts allowable deductions differ from "Itemized Deductions" on Schedule A of U.S. Form 1040. You may claim only the deductions specified on Massachusetts Form 1-NR/PY, lines 15 through 18 and Schedule Y.

## 15 Amount Paid to Social Security (FICA), Medicare, Railroad, U.S., Massachusetts Retirement Systems

**Nonresidents**, if as a condition of Massachusetts business or employment, you have paid into any of the retirement systems listed above during 2000, you may deduct those contributions, up to a maximum of \$2,000.

**Part-year residents** may deduct contributions attributable to business or employment while a Massachusetts resident, up to a maximum of \$2,000.

Enter in lines 15a and 15b the amount you, and your spouse if filing jointly, paid to Social Security (FICA), Medicare or Railroad Retirement and the U.S. or Massachusetts Retirement Systems during 2000 as shown on your Form W-2 that is directly related to income taxable by Massachusetts included in line 12, but not more than \$2,000 each. Payment amounts may not be combined or transferred from one spouse to the other. Add items 15a and 15b and enter the result in line 15. Be sure to add any amount of Medicare tax withheld as shown on Form W-2 to the amount of Social Security tax withheld, the total not to exceed \$2,000 per person.

Medicare premiums deducted from your Social Security or retirement payments are **not** deductible.

Payments to an IRA, Keogh, Simplified Employee Pension plan (SEP) or Savings Incentive Match Plan for Employees (SIMPLE) Account are not deductible for Massachusetts income tax purposes.

## Lines 16 and 17

Massachusetts law allows an option for deducting expenses related to dependent children. Please read instructions for both lines 16 and 17 to determine if you qualify and to decide which deduction is better for you. You cannot claim a deduction in both lines 16 and 17.

## 16 Child Under Age 13, or Disabled Dependent/Spouse Care Expenses

Massachusetts generally allows the same expenses as the U.S. Government for employment-related expenses for the care of a qualified child under the age of 13, a disabled dependent or a disabled spouse. Complete the following worksheet in order to calculate your Massachusetts child or disabled dependent/spouse care expense deduction.

- If you choose to take a deduction in line 16, you may not take the deduction in line 17.

### Line 16 Worksheet — Child Under 13 or Disabled Dependent/Spouse Care Deduction

Use the following worksheet to calculate your Massachusetts child under age 13 or disabled dependent/spouse care deduction. Also, enclose US Form 2441 or US Form 1040A, Schedule 2.

Part-year residents, enter amounts paid while a Massachusetts resident.

- A.** Enter the amount from US Form 2441, line 6, or US Form 1040A, Schedule 2, line 6 . . . . .
- B.** If you paid 1999 expenses in 2000, enter the amount of the allowed 1999 expenses used to compute the credit on US Form 2441, line 9, or US Form 1040A, Schedule 2, line 9. Otherwise, enter "0" . . . . .
- C.** Add items A and B . . . . .
- D.** Part-year residents, enter here the amount from item C and in Form 1-NR/PY, line 16; nonresidents, multiply item C by Form 1-NR/PY, line 14g and enter the result here and in Form 1-NR/PY, line 16. . . . .

## 17 Dependent Member of Household Under Age 12 at Year End

You may deduct up to **one** \$1,200 amount if at least one dependent member of your household was under age 12 on December 31, 2000 and if you are either single, head of household, or married filing jointly. You may claim only one \$1,200 amount, regardless of the number of dependent children under age 12. Be sure to enter the dependent child's name on the line provided in line 17.

- You may claim an amount in line 17 only if claiming "0" in line 16.

- Nonresidents, multiply \$1,200 by line 14g. Part-year residents, multiply \$1,200 by line 2. Enter the result in line 17 of Form 1-NR/PY.

## 18 Rental Deduction

**Nonresidents** are allowed a deduction equal to 50% of the rent they pay, up to a maximum of \$2,500, for their principal residence only if it is located in Massachusetts and is their sole residence. (Non-Massachusetts rent is never deductible.) Many nonresidents rent a house or apartment in Massachusetts, but few qualify for this deduction. This is because the house or apartment rented here is not their principal residence. Only those nonresidents who rented a house or apartment in Massachusetts and have no family home or other dwelling to which they normally return (or to which they could return in the future) in any other state or country, can claim this deduction. If you filled in the "no" oval in line 18, complete the worksheet on the next page.

**Part-year residents** are entitled to the rental deduction equal to 50% for the rent they paid during 2000 (up to a maximum of



\$2,500 per return) for their principle residence while a resident of Massachusetts. Complete the following worksheet.

### How Do I Calculate My Rental Deduction If I Am Married Filing Separately?

If a husband and wife file separate returns, they are each entitled to a rental deduction equal to 50% of the rent each pays, not to exceed \$1,250 per return. However, a married couple filing separately may allocate the rent deduction differently, provided the amount taken by each spouse does not exceed 50% of the rent actually paid by that spouse, and provided their combined rental deductions do not exceed \$2,500. If the allocation results in one spouse claiming a deduction in excess of \$1,250, that spouse must enclose with his/her return a statement signed by the other spouse indicating consent to the allocation. The statement must contain the name, address and Social Security number of the consenting spouse and the amount of rental deduction taken by that spouse. This statement is in addition to the requirement that each taxpayer who claims the rental deduction must provide the landlord's name(s) on the return.

#### Line 18 Worksheet — 50% Rental Deduction

**A.** Enter the total amount of qualified rent paid by you during 2000 .....

**B.** Divide item A by 2 ( $\div 2$ ) and enter the result, or \$2,500 (\$1,250, if married filing a separate return; see instructions) — whichever is smaller — in line 18 of Form 1-NR/PY. ....

*This deduction is limited to one deduction of not more than \$2,500 per return, only if single, married filing a joint return or head of household. If married filing a separate return, the deduction is generally limited to \$1,250 per return (see instructions). Enter your landlord's name(s) in the area provided on line 18. Enclose an additional statement if you need more space.*

## 19 Other Deductions (from Schedule Y)

**Allowable Employee Business Expenses, Penalty on Early Savings Withdrawal, Alimony Paid, Amounts Excludible Under MGL Ch. 41, Sec. 111F or U.S. Tax Treaty, Student Loan Interest Deduction, Medical Savings Account Deduction, Moving Expenses, Self-Employed Health Insurance Deduction, Certain Qualified Deductions From U.S. Form 1040, Deductible Amount of Qualified Contributory Pension Income from Another State or Political Subdivision & College Tuition Deduction**

"Other deductions" include the items listed above and must be included on Schedule Y. Enter the total from Schedule Y, line 8. Be sure to enclose Schedule Y with your return. Failure to do so will delay the processing of your return. See Schedule Y instructions on page 30.

## 22 Exemption Amount

Enter amount from Exemption Section, line 4, item f in line 22a.

**Nonresidents.** Prorate your exemptions using the ratio of your Massachusetts income to your total income by multiplying line 22a by line 14g and entering the result in line 22. This amount represents your prorated exemptions.

**Part-year residents.** Prorate your total exemptions claimed on Form 1-NR/PY by multiplying line 22a by line 2 and entering the result in line 22. This amount represents your prorated exemptions as a part-year resident.

## 23 5.85% Income

### a 5.85% Income After Exemptions

Subtract line 22 from line 21. Enter the result in line 23a, but not less than "0."

If line 22 exceeds line 21 and you were the beneficiary of an estate or trust taxed in Massachusetts, or if you received interest income (other than interest from Massachusetts banks), dividends or capital gain income, read the following section and complete the worksheet for Schedule B, line 22 and Schedule D, line 19 on page 22, if applicable. All others proceed to line 23b.

### Applying Exemptions for the Beneficiary of an Estate or Trust Taxed in Massachusetts

If you are reporting income on Form 1-NR/PY and were also the beneficiary of an estate or trust, you may apply excess exemptions to your Form 2 income taxed at 5.85%. If you are single, head of household, or married filing jointly, you may then apply any remaining excess exemptions to your interest income (other than interest from Massachusetts banks), dividends or capital gain income reported on Form 1-NR/PY. Any excess amount should then be applied against 12% income reported on Form 2 before applying any remaining excess amount against 5% income on Form 1-NR/PY. Any excess amount remaining should then be applied against 5% income reported on Form 2 before applying any remaining excess amount against 4% income reported on Form 1-NR/PY. Any excess amount remaining should then be applied against 4% income reported on Form 2 before applying any remaining excess amount against 3% income reported on Form 1-NR/PY. Any excess amount still remaining should then be applied against 3% income reported on Form 2 before applying any remaining excess amount against 2% income reported on Form 1-NR/PY. Any excess amount remaining should then be applied against 2% income reported on Form 2 before applying any remaining excess amount against 1% income reported on Form 1-NR/PY. Any excess amount still remaining should then be applied against 1% income reported on Form 2. You must complete and file with your Form 2 a copy of Form 20A, Beneficiary's Claim for Exemptions Applicable to Fiduciary Income, in order to apply the excess exemptions to your Form 2 income. Form 20A is included in the Form 2 book-

let. You must complete and file with your Form 2 a copy of Form 20A, Beneficiary's Claim for Exemptions Applicable to Fiduciary Income, in order to apply the excess exemptions to your Form 2 income. Form 20A is included in the Form 2 booklet.

## **b Interest and Dividend Income**

If you have any interest income other than interest from deposits in banks located in Massachusetts, dividend income in excess of \$400, certain capital gains or losses, or any adjustments to interest income (other than interest from Massachusetts banks), you must complete Schedule B. Be sure to enclose Massachusetts Schedule B. To determine if you need to file Schedule B, refer to the Schedule B instructions beginning on page 35 of this booklet.

Enter in line 23b the amount from Schedule B, line 24. If not required to file Schedule B, enter dividend income of \$400 or less (from U.S. Form 1040 or 1040A, line 9) in line 23b.

## **c Total 5.85% Income**

Add line 23a and line 23b.

# Tax on 5.85% Income

## **24 5.85% Tax**

Based upon the amount in line 23c, find the proper amount of tax from the table at the back of this booklet. Enter the tax in line 24. If line 23c is more than \$80,000, multiply the amount in line 23c by .0585 and enter the result in line 24. You must use the tax table if line 23c is \$80,000 or less.

# 12% Income and Tax

## **25 12% Income from Certain Capital Gains**

Enter in line 25a the amount from Schedule B, line 25. Multiply this amount by .12 (12%) and enter the tax in line 25. Be sure to enclose Massachusetts Schedule B. To determine if you need to file Schedule B, refer to the Schedule B instructions beginning on page 35 of this booklet.

# Long-Term Capital Gain Tax

## **26 Schedule D (Long-Term Capital Gains and Losses Excluding Collectibles)**

Enter in line 26 the amount from Schedule D, page 4, line 21, **but not less than "0."** Be sure to enclose all four pages of Massachusetts Schedule D. To determine if you need to file Schedule

D refer to the Schedule D instructions beginning on page 39 of this booklet.

## **Excess Exemptions**

If excess exemptions were used in calculating lines 23b, 25 or 26 (see Schedule B, line 22 and/or Schedule D, line 19), be sure to fill in the oval in line 26.

### **Schedule B, Line 22 and Schedule D, Line 19 Worksheet — Exemptions from Interest and Dividend Income, 12% Income and Long-Term Capital Gain Income (Only if Single, Head of Household, or Married Filing Jointly)**

*If your total exemptions in line 22 are more than the amount of your 5.85% income after deductions in line 21, the excess may be applied against all your interest and dividend income and income taxed at 12%. Any remaining excess amount may then be applied against all your long-term capital gain income. (If you are the beneficiary of a Massachusetts trust or estate, see the instructions for line 23.) Complete the following worksheet only if line 21 is less than line 22 to determine if you qualify for the excess exemption. Enter all losses as "0."*

- A.** Enter amount from Schedule B, line 21. Not less than "0" . . . . .
- B.** Enter amount from Form 1-NR/PY, line 22 . . . . .
- C.** Enter amount from Form 1-NR/PY, line 21 . . . . .
- D.** Subtract item C from item B. If "0" or less, you do not qualify for this exemption. Omit remainder of worksheet . . . . .
- E.** Excess exemptions applied against interest and dividend income and 12% income. If item A is larger than item D, enter item D here and in Schedule B, line 22 and omit remainder of worksheet. If item D is equal to or larger than item A, enter item A here and in Schedule B, line 22. Complete items F through H . . . . .
- F.** Subtract item E from item D. If "0" you have no remaining excess exemptions. Omit remainder of worksheet . . . . .
- G.** Enter Schedule D, line 18, column A. Not less than "0" . . . . .
- H.** Excess exemptions applied against long-term capital gain income taxed at 5%. If item G is larger than item F, enter item F here and in Schedule D, line 19, column A and omit remainder of worksheet. If item F is equal to or larger than item G, enter item G here and in Schedule D, line 19, column A. Complete items I through K . . . . .
- I.** Subtract H from F. If "0," you have no remaining excess exemptions. Omit remainder of worksheet . . . . .
- J.** Enter Schedule D, line 18, column B. Not less than "0" . . . . .
- K.** Excess exemptions applied against long-term capital gain income taxed at 4%. If item J is larger than item I, enter item I here and in Schedule D, line 19, column B and omit remainder of worksheet. If item I is equal to or larger than item J, enter item J here and in Schedule D, line 19, column B. . . . . Complete items L through N

**Worksheet continues on next page ...**

... Continued from previous page

**L.** Subtract K from I. If "0," you have no remaining excess exemptions. Omit remainder of worksheet . . . . .

**M.** Enter Schedule D, line 18, column C (from page 2). Not less than "0". . . . .

**N.** Excess exemptions applied against long-term capital gain income taxed at 3%. If item M is larger than item L, enter item L here and in Schedule D, line 19, column C (on page 2) and omit remainder of worksheet. If item L is equal to or larger than item M, enter item M here and in Schedule D, line 19, column C (on page 2) . . . . .  
Complete items O through Q.

**O.** Subtract N from L. If "0," you have no remaining excess exemptions. Omit remainder of worksheet. . . . .

**P.** Enter Schedule D, line 18, column D (from page 2). Not less than "0". . . . .

**Q.** Excess exemptions applied against long-term capital gain income taxed at 2%. If item P is larger than item O, enter item O here and in Schedule D, line 19, column D (on page 2) and omit remainder of worksheet. If item O is equal to or larger than item P, enter item P here and in Schedule D, line 19, column D (on page 2) . . . . .  
Complete items R through T.

**R.** Subtract Q from O. If "0," you have no remaining excess exemptions. Omit remainder of worksheet . . . . .

**S.** Enter Schedule D, line 18, column E (from page 3). Not less than "0". . . . .

**T.** Excess exemptions applied against long-term capital gain income taxed at 1%. If item S is larger than item R, enter item R here and in Schedule D, line 19, column E (on page 3). If item R is equal to or larger than item S, enter item S here and in Schedule D, line 19, column E (on page 3) . . . . .

## Massachusetts AGI

### College Tuition Deduction

If you paid tuition to a two- or four-year college for yourself or a dependent, you may be entitled to a deduction equal to the amount by which the tuition payment, less any scholarships, grants, or financial aid received, exceed 25% of line 8 of Schedule NTS-L-NR/PY. See Schedule Y, line 7.

### No Tax Status — Single, Married Filing a Joint Return or Head of Household Only

If your Massachusetts Adjusted Gross Income (Massachusetts AGI) was \$8,000 or less if single, \$14,400 or less plus \$1,000 per dependent if head of household, or \$16,400 or less plus \$1,000 per dependent if married filing a joint return, you qualify for No Tax Status and are not required to pay any Massachusetts income taxes.

To see if you may qualify for No Tax Status, complete Schedule NTS-L-NR/PY found on the back of page 3 of Form 1-NR/PY. See Schedule NTS-L-NR/PY instructions.

### Massachusetts Adjusted Gross Income for No Tax Status and Limited Income Credit

Massachusetts Adjusted Gross Income (Massachusetts AGI) is not the same as taxable income. Massachusetts AGI includes:

- wages, salaries, tips;
- taxable pensions and annuities;
- pension income from another state or political subdivision before any deduction;
- taxable IRA/Keogh and Roth IRA distributions;
- fees and unemployment compensation;
- income or loss from a business or profession;
- income or loss from partnerships, S corporations and trusts;
- rents, royalties and REMIC income;
- alimony and other 5.85% income;
- interest from Massachusetts banks before exemptions; and
- other interest, dividends, and capital gains.

### 27 No Tax Status

If you qualify for No Tax Status, fill in the oval in line 27, enter "0" in line 28 and omit lines 29–32. Also, enter "0" in line 33 and complete Form 1-NR/PY.

**Note:** If married filing separately you do not qualify for No Tax Status or the Limited Income Credit.

### 29 Limited Income Credit — Single, Married Filing a Joint Return or Head of Household Only

If you do not qualify for No Tax Status, but you are single and your Massachusetts AGI is between \$8,000 and \$14,000, or if you are filing as head of household and your Massachusetts AGI is between \$14,400 and \$25,200 plus \$1,750 per dependent, or if you are married filing a joint return and your Massachusetts AGI is between \$16,400 and \$28,700 plus \$1,750 per dependent, you may qualify for the Limited Income Credit. This credit is an alternative tax calculation that can result in a significant tax reduction for people whose income is close to the No Tax Status threshold. Be sure to complete Schedule NTS-L-NR/PY on the back of page 3 of Form 1-NR/PY to see if you may qualify for this credit.

### 30 Other Credits (from Schedule Z, Part I) Lead Paint Credit, Economic Opportunity Area Credit, Full Employment Credit, Septic Credit and Brownfields Credit

"Other credits" include the items listed above and must be included on Schedule Z, Part I. Nonresidents and part-year residents, enter the total from Schedule Z, line 1 on Form 1-NR/PY, line 30. Be sure to enclose Schedule Z with your return. Failure to do so will delay the processing of your return. See Schedule Z instructions on page 32.

**31 Credits for Part-Year Residents Only (from Schedule Z, Part II)****Credit for Income Tax Paid to Another State or Jurisdiction and Energy Credit**

"Credits for part-year residents only" include the items listed above and must be included on Schedule Z, Part 2. Part-year residents, enter the total from Schedule Z, line 2 on Form 1-NR/PY, line 31. Be sure to enclose Schedule Z with your return. Failure to do so will delay the processing of your return. See Schedule Z instructions on page 32.

**34 Voluntary Contributions**

You may contribute any amount to the following funds. Remember, these amounts are added to your tax. They increase the amount of your payment or reduce the amount of your refund.

a. **Organ Transplant Fund:** The Organ Transplant Fund is administered by the Massachusetts Department of Health. All contributions received by the Fund assist patients with the costs of medications without which they might lose their transplanted organs. Patients assisted by the Fund are not eligible for other forms of assistance.

b. **Endangered Wildlife Conservation:** The Natural Heritage and Endangered Species Fund is administered by the Department of Fisheries, Wildlife and Environmental Law Enforcement to provide conservation, protection and restoration of rare, endangered and nongame wildlife and plants in the Commonwealth.

c. **Massachusetts AIDS Fund:** The Massachusetts AIDS Fund is administered by the Massachusetts Department of Public Health. Contributions are used for research, experimental treatment and education related to Acquired Immune Deficiency Syndrome (AIDS). Massachusetts residents living with AIDS receive experimental treatment through clinical trials which are wholly supported with this Fund. The Fund also educates people with AIDS about treatment options and how to gain access to medication and experimental treatment.

d. **Massachusetts United States Olympic Fund:** Contributions to this fund are used to assist Massachusetts residents in paying all or part of any costs associated with the development, maintenance and operation of the United States Olympic Team participating in the Olympics.

Add items a, b, c, and d and enter the total in line 34.

**36 Massachusetts Income Tax Withheld**

This represents all income taxes withheld for the Commonwealth of Massachusetts as indicated on your copies of Forms W-2, W-2G and certain 1099s, if applicable. Enter the total of all Massachusetts withholdings in line 36. Attach, with a single staple, state copies to your return; otherwise, your claim of amounts withheld will not be allowed. If you have lost any state

copy, ask the payer for a duplicate. Copies of 1099s need only be attached if they show an amount for Massachusetts tax withheld.

**37 1999 Overpayment Applied to Your 2000 Estimated Tax**

Include the exact amount of any 1999 overpayment you applied to your 2000 estimated taxes. This amount can be found on your 1999 Massachusetts Form 1-NR/PY, line 44 or Form 1, line 39. Do not include any 1999 refund in this line.

**38 2000 Massachusetts Estimated Tax Payments**

If you paid Massachusetts estimated income taxes for 2000, enter in line 38 the total of all Massachusetts estimated tax payments, but do not include the amount entered in line 37. Be sure to include any last quarter (of 2000) payment made on or before January 16, 2001.

Every taxpayer (whether a resident or nonresident) who expects to pay more than \$200 in Massachusetts income taxes on income which is not covered by Massachusetts withholding must pay Massachusetts estimated taxes using Massachusetts Form 1-ES, Estimated Income Tax Vouchers. These forms are available at any Department of Revenue location.

Income which is not subject to withholding includes:

- salaries or wages earned in Massachusetts where the employer is not subject to Massachusetts withholding;
- unemployment compensation (if you did not elect voluntary Massachusetts withholding);
- taxable REMIC income;
- dividends and interest, including interest from Massachusetts banks;
- gains from capital assets;
- income from an individual trade, business, profession, partnership or S corporation;
- income from any estate or trust not taxed directly;
- lottery or gambling winnings;
- certain pensions;
- rental income and royalty income;
- alimony received (**part-year** residents only);
- illegal income; and
- any other income received taxable in Massachusetts from which Massachusetts tax will **not** be withheld.

**39 Earned Income Credit**

Taxpayers who qualify for and claim the federal earned income credit are allowed a refundable credit equal to 10% of the federal amount. Enter in line 39a the federal earned income credit amount from your U.S. Form 1040, line 60a, 1040A, line 38a; 1040EZ, line 8a; or U.S. Telefile Tax Record, item L. Multiply this amount by .10 (10%) and enter the result in the line provided.

**Nonresidents**, multiply this amount by line 14g; **part-year resi-**



**dents** multiply this amount by line 2. Enter the result in line 39. Then, enter the number of qualifying children, if any, and their Social Security number(s) in the spaces provided.

If you choose to have the IRS compute your federal earned income credit, wait until the IRS notifies you of that amount before making an entry in line 39. If you have not received your earned income credit amount as computed by the IRS by April 17, 2001, you may file Massachusetts Form M-4868, Application for Automatic Six-Month Extension of Time to File Massachusetts Income Tax Return. See page 3 for information about filing your extension by telephone or via the Web.

## 40 Payments Made with Extension

If you filed an Application for Automatic Six-Month Extension of Time to File Massachusetts Income Tax Return, Massachusetts Form M-4868, for 2000 on or before April 17, 2001, enter in line 40 the amount you paid with Form M-4868. Enclose a copy of Massachusetts Form M-4868 with your return. If you are applying for an extension and either owe no tax or choose to pay your tax due by Mastercard, Visa, Discover or Novus brand card, you may file your extension by touch-tone telephone or via the Web (see page 3 for more information) or if you owe no tax, you may substitute U.S. Form 4868 for the Massachusetts extension form. Be sure to indicate on the form that this extension is for Massachusetts purposes.

# Refund Amount

## 42 Overpayment

If line 35 is smaller than line 41, subtract line 35 from line 41 and enter the amount in line 42. This is the amount of your overpayment. If line 35 is larger than line 41, skip to line 45.

## 43 Amount of Overpayment You Want Applied to Your 2001 Massachusetts Estimated Taxes

Enter the amount of your 2000 overpayment you wish to apply to your 2001 Massachusetts estimated taxes. Once an election is made to apply your overpayment to your 2001 estimated tax, it cannot be refunded later or applied to any additional tax you may owe for 2000. The amount entered in this line can only be claimed as a credit on your 2001 Massachusetts return.

## 44 Refund Amount

Subtract line 43 from line 42. Enter the result in line 44. This is the amount of your refund.

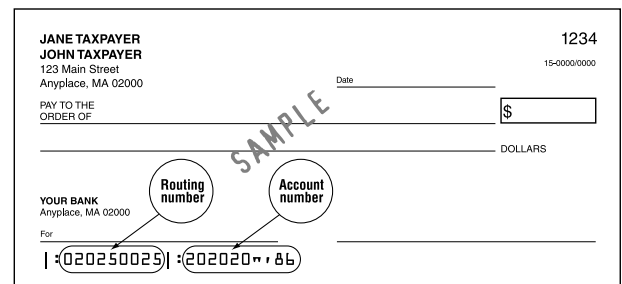
### Direct Deposit

You may elect to have your refund deposited directly into your savings or checking account. Check with your financial institution to make sure that it accepts direct deposit and verify the routing transit number (RTN) of the issuing financial institution.

If we are unable to honor your request for a direct deposit, a paper check will be sent to you.

The routing number of your financial institution is nine digits and begins with 01 through 12 or 21 through 32. The account number can be up to 17 characters (both numbers and letters). Omit hyphens, spaces and special symbols. Enter the number from left to right and leave any unused boxes blank. You **must** enter the routing number and the account number in the spaces provided in line 44 if you are requesting direct deposit. Failure to do so will result in your request for direct deposit being denied. See sample check below for location of this information.

**Note:** Only one direct deposit is allowed per account number.



# Tax Due

## 45 Tax Due

If line 35 is larger than line 41, subtract line 41 from line 35, and enter the result in line 45. This is the amount of tax you owe with your return. Pay in full with your return. Make your check or money order payable to Commonwealth of Massachusetts and write your Social Security number on the front of your check or money order in the lower left corner. Complete and remove Form PV, Massachusetts Income Tax Payment Voucher, attached to the back of the "Payment Due" envelope found in this booklet. Staple the check to the front of Form PV and enclose Form PV with your return.

Failure to file or failure to pay the proper amount of tax when due will result in an increasing amount of interest and penalties. It is advantageous to file when your return is due even if you are unable to make full payment.

If you owe any interest, penalty or addition for the underpayment of estimated taxes, add those amounts to the tax you owe and enter the total amount in line 45.

### What Are the Interest and Penalties?

**Interest:** If you fail to pay the tax when due, interest will be charged. For further information, see TIR 92-6 or call the Customer Service Bureau at (617) 887-MDOR or toll-free in Massachusetts at 1-800-392-6089.

**Penalty for Late Payment:** The penalty for late payment is  $\frac{1}{2}\%$  of the tax due per month (or fraction thereof), up to a maximum of 25%.

**Penalty for Failure to File:** The penalty for failure to file a tax return by the due date is 1% of the tax due per month (or fraction thereof), up to a maximum of 25%. If you were required to file a tax return for income received in any prior year and you did not file, you must file for that prior year.

**Penalty for Protested (“Bad”) Check:** If your check is not honored by your bank because of insufficient funds or any other reason, a penalty may be added equal to 2% of the amount of the check or \$10, whichever is greater, but no more than the amount of the check.

**Addition for Underpayment of Estimated Taxes:** You will generally be subject to this addition to tax if you did not have withholding and/or estimated tax payments equal to 80% of the total tax liability required to be paid and your 2000 tax due after credits and withholding is greater than \$200. If you failed to meet this requirement, you must complete and attach Massachusetts Form M-2210 to calculate the amount you must add to line 45. The 80% requirement is reduced to 66 $\frac{2}{3}\%$  for individuals who receive two-thirds of their income from fishing or farming.

Most taxpayers who qualify for an exception had either a tax due of \$200 or less or withholding and/or estimated payments equal to their tax liability for the previous year. If you qualify for an exception, fill in the oval marked “EX” under line 45 on Form 1-NR/PY and enclose Massachusetts Form M-2210. You do not have to complete Form M-2210 if the balance due with your return is \$200 or less. Form M-2210 is available by visiting [www.massdor.com](http://www.massdor.com) or at any Massachusetts Department of Revenue location.

**Penalty for Failure to Report Federal Changes:** If the U.S. Internal Revenue Service changes your income for any prior year (generally through audit), file Massachusetts Form CA-6, Application for Abatement/Amended Return together with any required schedules or additional payments within one year of the final federal determination to avoid this penalty. This penalty is equal to the smaller of 10% of the additional tax due, or \$100. If the change indicates a refund, you must file Massachusetts Form CA-6 within one year, including acceptance of an amended federal return by the Internal Revenue Service.

## Sign Here

Enter the street address, city or town, and state or foreign country where you were a legal resident (domiciled) in 2000. For an explanation of legal residence or domicile, refer to the information on page 10.

Now that you have completed Form 1-NR/PY, sign your name. Your spouse must also sign if this is a joint return. Please note that the signature area is at the bottom of page 3 of Form 1-NR/PY. Write the date you signed the return.

Attach to your Form 1-NR/PY, with a single staple, all state copies of your Forms W-2, W-2G and any Forms 1099 which included Massachusetts withholding. If making a payment, be sure to staple your check or money order to the front of Form PV and enclose Form PV with your Form 1-NR/PY. Form PV is attached to the back of the “Payment Due” envelope found in this booklet. Make your check or money order payable to Commonwealth of Massachusetts, and be sure to sign the check and write your Social Security number on it. Be sure to include all three pages of Form 1-NR/PY. Also, enclose all required Massachusetts forms and schedules. Please enclose schedules and forms first, followed by Massachusetts Form M-2210, then Massachusetts Form M-4868, if applicable. Do not staple your forms together.

### Paid Preparer Must Sign Your Return

Generally, anyone you pay to prepare your return must sign it by hand in the space provided. Signature stamps or labels cannot be used. The preparer must give you a copy of the return for your records. Someone who prepares your return but does not charge you should not sign your return.

### Paid Preparer Authorization

If you want to allow the Massachusetts Department of Revenue (DOR) to discuss your 2000 tax return with the paid preparer who signed it, fill in the “Yes” oval in the signature area of the return. This authorization applies only to the individual whose signature appears in the “Paid Preparer” section of your return. It does not apply to the firm, if any, shown in that section.

If you fill in the “Yes” oval, you, and your spouse if filing a joint return, are authorizing DOR to call the paid preparer to answer any questions that may arise during the processing of your return. You are also authorizing the paid preparer to:

- give DOR any information that is missing from your return;
- call DOR for information about the processing of your return or the status of your refund or payment(s); and
- respond to certain DOR notices that you have shared with the preparer about math errors, offsets and return preparation. The notices will not be sent to the preparer.

You are not authorizing the paid preparer to receive any refund check, bind you to anything (including any additional tax liability), or otherwise represent you before DOR. If you want to ex-

pand the paid preparer's authorization, see Form M-2848, Power of Attorney and Declaration of Representative.

The authorization cannot be revoked. However, the authorization will automatically end no later than the due date (without regard to extensions) for filing your 2001 tax return. This is April 16, 2002 for most people.

## Mailing

If you are expecting a refund or if you have no tax due, use the orange envelope that came with this booklet. If you do not have one, mail Form 1-NR/PY to:

**Massachusetts Department of Revenue**  
**PO Box 7054**  
**Boston, MA 02204**

If you have a tax due, use the purple envelope that came with this booklet. If you do not have one, mail Form 1-NR/PY to:

**Massachusetts Department of Revenue**  
**PO Box 7003**  
**Boston, MA 02204**

**Note:** Schedule lines without specific instructions are considered to be self-explanatory. Be sure to list on each schedule the name and Social Security number that appears first on Form 1-NR/PY. Do not cut or separate schedules.

## Schedule NTS-L-NR/PY

### Massachusetts Adjusted Gross Income for No Tax Status

Massachusetts Adjusted Gross Income (Massachusetts AGI) is not the same as taxable income. Massachusetts AGI includes all:

- wages, salaries, tips;
  - taxable pensions and annuities;
  - pension income from another state or jurisdiction before any deductions;
  - taxable IRA/Keogh and Roth IRA distributions;
  - fees and unemployment compensation;
  - income or loss from a business or profession;
  - income or loss from partnerships, S corporations and trusts;
  - rents, royalties and REMIC income;
  - alimony and other 5.85% income;
  - interest from Massachusetts banks before exemption; and
  - interest, dividends, and capital gains.
- The No Tax Status provision applies if your Massachusetts AGI on Schedule NTS-L-NR/PY (line 8) is \$8,000 or less if single; \$14,400 or less plus \$1,000 per dependent if head of household, or \$16,400 or less plus \$1,000 per dependent if married filing a joint return.

**Note:** If married, you must file a joint return in order to qualify for No Tax Status. For purposes of computing No Tax Status all losses must be entered as "0."

### 7 Income Not Taxable by Massachusetts

Nonresidents, enter the amount from Form 1-NR/PY, line 14e. Part-year residents, enter income earned while a nonresident.

### 8 Massachusetts Adjusted Gross Income

If you paid tuition to a two- or four-year college for yourself or a dependent, you may be entitled to a deduction equal to the amount by which the tuition payments, less any scholarships, grants or financial aid received, exceed 25% of line 8. See Schedule Y, line 7 worksheet in instructions.

Add lines 3 through 7. If you are single and the total in line 8 is \$8,000 or less, you qualify for No Tax Status. Fill in the oval in Form 1-NR/PY, line 27, enter "0" in line 28 and omit lines 29–32. Also, enter "0" on line 33 and continue on Form 1-NR/PY. If you are single but do not qualify for No Tax Status and your total in line 8 is \$14,000 or less, go to line 11 to see if you qualify for the Limited Income Credit. If married filing jointly or head of household, go to line 9.

### 9 No Tax Status for Married Filing Jointly or Head of Household

If married and filing a joint return, multiply the number of dependents (from Form 1-NR/PY, line 4b) by \$1,000 and add \$16,400 to that amount. If head of household, multiply the number of dependents (from Form 1-NR/PY, line 4b) by \$1,000 and add \$14,440 to that amount. Enter the result here. If line 8 is less than or equal to line 9, you qualify for No Tax Status. Fill in the oval in Form 1-NR/PY, line 27, enter "0" in line 28 and omit lines 29–32. Also, enter "0" in line 33 and continue on Form 1-NR/PY.

### 10 Limited Income Credit Threshold

If you do not qualify for No Tax Status and you are married and filing a joint return, multiply the number of dependents (from Form 1-NR/PY, line 4b) by \$1,750 and add \$28,700 to that amount. If head of household, multiply the number of dependents (from Form 1-NR/PY line 4b) by \$1,750 and add \$25,200 to that amount. Enter the result here. If line 8 is less than or equal to line 10, you may qualify for the Limited Income Credit. Go to line 11.

### 11 No Tax Status Threshold

Enter \$8,000 if single. If married and filing a joint return or head of household, enter the amount from line 9.

### 15 Limited Income Credit

If line 13 is smaller than line 14, you are not eligible for this credit. If line 13 is larger than line 14, subtract line 14 from line 13, and enter the result here and in line 29 on Form 1-NR/PY.

# Schedule F

## Credit for Income Taxes Paid to Other Jurisdictions (for Part-Year Residents Only)

**Income Tax Paid to Another State:** If all or part of the income reported on this return is subject to taxation in another state or specified jurisdiction and you have filed a return and paid taxes in the other state or jurisdiction, complete Schedule F to calculate the credit and enclose a copy of your return filed with another state or jurisdiction. Do not include taxes paid to the U.S. government. (This credit does not apply to city or local taxes.) You are allowed to claim a credit for taxes paid to the following jurisdictions: (a) other states in the United States; (b) any territory or dependency of the United States (including Puerto Rico, the Virgin Islands, Guam, the District of Columbia); or (c) the Dominion of Canada or any of its provinces (less any U.S. credit amount allowable from U.S. Form 1116).

**Note:** Canada is the only foreign country for which you may claim a tax credit for income tax paid to another state or jurisdiction on this schedule.

The total credit which you calculate on this schedule is the smaller of the amount of taxes due to other jurisdictions (net of certain adjustments) or the portion of your Mass. tax due on your gross income that is taxed in such other jurisdictions.

Credit is not given for a property tax due to another jurisdiction on account of capital stock or property. This does not refer to a tax on gain or income from the sale of capital stock or property, as included on Schedule B or D. Credit is also not given for any interest and penalties paid on a tax due to another jurisdiction.

You must complete separate schedules if you had 5.85% and interest income (other than interest from Massachusetts banks), dividends or capital gain income taxed by another jurisdiction. If you use this schedule to calculate a credit for interest income (other than interest from Massachusetts banks), dividends or capital gain income, substitute interest income (other than interest from Massachusetts banks), dividends or capital gain income for 5.85% income in line 1. You must also substitute Schedule B, line 11 (interest and dividend income and taxable 12% capital gains) or Schedule D, line 12, columns A, B, C, D and E (gross long-term capital gains and losses), but not less than "0," for Form 1-NR/PY, line 12 in line 2 of the schedule, and the total of Form 1-NR/PY, line 23b multiplied by .0585 (tax on interest and dividend income) and Form 1-NR/PY, line 25 (12% tax) or line 26 (tax on long-term capital gains) for Form 1-NR/PY, line 23a in line 4 of the schedule.

**Note:** When using this schedule to calculate credit for interest income (other than interest from Mass. banks), dividends or capital gain income, enter in line 1 such income taxed in another jurisdiction calculated as if it was earned in Massachusetts.

## 1 Total 5.85% Income Taxed by Other Jurisdictions

Enter the total 5.85% income on which you paid taxes to another jurisdiction.

## 4 Massachusetts Tax on 5.85% Income

Multiply Form 1-NR/PY, line 23a by .0585, less any Limited Income Credit from Form 1-NR/PY, line 29.

## 6 Income Tax Paid to Other Jurisdictions

Enter the total tax paid to other jurisdictions on income also reported on this return. The credit is limited to the amount of tax paid. If the tax was paid to Canada, the amount reported in this line must be reduced by the amount claimed as a foreign tax credit on U.S. Form 1040, line 43.

## 7 Allowable Credit

Enter the smaller of lines 5 or 6 here and on Schedule Z, line 2, and fill in the appropriate oval on Schedule Z, line 2.

# Schedule X

## Other Income

Be sure to enclose with Form 1-NR/PY.

## 1 Alimony Received (Part-Year Residents Only)

If you received alimony payments, you must report them as income in line 1 of Schedule X. Report the portion of all periodic payments of alimony or separate maintenance received under a court judgment or decree, or for excess alimony amounts recaptured, as reported on U.S. Form 1040, line 11, received while you were a Massachusetts resident. If you made alimony payments, you will be allowed to deduct these amounts in line 19.

## 2 Taxable IRA/Keogh and Roth IRA Distributions (Part-Year Residents Only)

Complete the Schedule X, line 2 worksheet on the next page to calculate the taxable portion of any amount you received as an Individual Retirement Account (IRA), Keogh or Roth IRA distribution while a resident of Massachusetts, whether derived from sources inside or outside of Massachusetts. Since Massachusetts does not allow a deduction for amounts originally contributed to an IRA or Keogh, the distributions are not taxable until the full amount of your contributions which were previously subject to Massachusetts taxes are recovered.

► Contributions made to Keogh accounts prior to 1975 were deductible when made. Therefore, no deduction may be taken from a Keogh distribution for amounts contributed before 1975.

Massachusetts generally adopts the federal conversion rules for partial or complete rollovers from existing IRAs to Roth IRAs. Generally, the rollover amount is treated as a distribution and



included in federal gross income to the extent it is attributable to investment growth or previously deducted contributions. In 1998 a special four-tax year averaging rule applied at the election of the taxpayer on their U.S. return, whereby the taxable portion of the 1998 rollover amount was included in gross income evenly over four taxable years beginning in 1998. This election applies for Massachusetts purposes; however, only the portion previously not subject to Massachusetts taxation will be included in Massachusetts gross income evenly over four tax years. When completing the worksheet, taxpayers who elected the special four-tax-year averaging rule should include on line 9 the third installment of the taxable 1998 rollover amount. See TIR 98-8, *Massachusetts 1998 Reducing Income Taxes Act*, for further details.

If you have Roth IRA distributions during the four-year-spread that are treated federally as an accelerated income inclusion (i.e., a greater proportion of the income is included in an earlier tax year), you must also treat the distribution as an accelerated income inclusion for Massachusetts purposes.

**Example:** Federally, you have \$800 of gross income from a 1998 Roth IRA conversion that is included evenly (\$200 each tax year) over four tax years. For Massachusetts purposes, you will include \$400 of gross income (\$100 each tax year), because \$400 of the 1998 Roth IRA conversion was attributed to contributions previously subject to Massachusetts taxation. In 1999 you received additional Roth IRA distributions that for federal tax purposes resulted in an accelerated income inclusion. For federal purposes the remaining three tax years will include \$300 in 1999, \$200 in 2000 and \$100 in 2001. For Massachusetts purposes, the remaining tax years will include \$150 in 1999, \$100 in 2000 and \$50 in 2001. In this example, the taxpayer would enter the \$100 taxable amount for tax year 2000 in line 9 of the worksheet below.

**Schedule X, Line 2 Worksheet — Taxable IRA/Keogh Plan and Roth IRA Conversion Distributions**

If completing the worksheet to report conventional IRA/Keogh distributions or Roth IRA conversion distributions, complete lines 1 through 5, omit lines 6 through 9 and complete line 10.

If completing the worksheet to report Roth IRA conversion distributions if four-year tax averaging was elected on your 1998 U.S. tax return, omit lines 1 through 5 and complete lines 6 through 10.

**Note:** If during 2000 you received a distribution from a Roth IRA that was treated as an accelerated income inclusion for federal tax purposes, you must also treat the distribution as an accelerated income inclusion for Massachusetts purposes. See the example in the instructions for further details.

*Worksheet continues in next column ...*

**... Continued from previous column**

If completing the worksheet to report conventional IRA/Keogh distributions, Roth IRA conversion distributions occurring in 2000 and Roth IRA conversion distributions if four-year tax averaging was elected on your 1998 U.S. tax return, complete lines 1 through 10.

Roth IRA distributions are taxable in Massachusetts to the extent they are federally taxable. Report taxable 2000 Roth IRA distributions on line 10.

**Line 1.** Total IRA/Keogh plan distributions, Roth IRA conversion distributions received during 2000. . . . .

**Line 2.** Total contributions previously taxed by Massachusetts . . . . .

**Line 3.** Total distributions received in previous years . . . . .

**Line 4.** Subtract line 3 from line 2. If line 3 is larger than line 2, enter "0" . . . . .

**Line 5.** Taxable IRA/Keogh distributions. Subtract line 4 from line 1 and enter the result here. Not less than "0" . . . . .

**Note:** Taxpayers who elected on their 1998 U.S. return four-tax-year averaging for 1998 Roth IRA conversion distributions must complete lines 6–9 to report the third installment for tax year 2000.

**Line 6.** Total 1998 Roth IRA conversion distributions if four-year tax averaging elected on 1998 U.S. tax return received during 1998 . . . . .

**Line 7.** Amount of contributions in line 6 that were previously taxed by Massachusetts. . . . .

**Line 8.** Subtract line 7 from line 6. Not less than "0" . . . . .

**Line 9.** 2000 taxable Roth IRA conversion distributions if four-year tax averaging elected on your 1998 U.S. tax return. Divide line 8 by 4. . . . .

**Line 10.** Total taxable IRA/Keogh distributions, 2000 Roth IRA conversion distributions, 2000 taxable Roth IRA distributions and the third installment of four-tax year averaging of 1998 Roth IRA conversion distributions. Add line 5 and line 9 and enter the result here and in line 2 on Schedule X . . . . .

**Note:** You must complete separate worksheets if married filing a joint return and both you and your spouse received IRA/Keogh Plan and/or Roth IRA conversion distributions.

### 3 Massachusetts State Lottery Winnings

Enter in Schedule X, line 3 all winnings from the Massachusetts state lottery. Do not enter less than "0." You may only deduct the price of your winning ticket. Lottery losses are not deductible under Massachusetts law. Lottery losses claimed as itemized deductions on U.S. Form 1040, Schedule A are not allowed on your Massachusetts return.

**4 Other Gambling Winnings**

Enter in Schedule X, line 4 all gambling winnings from casinos, raffles, races, beano or other events of chance held in Massachusetts (part-year residents, whether held inside or outside of Massachusetts). Do not enter less than "0." You may only deduct the price of the winning ticket. Gambling losses are not deductible under Massachusetts law. Gambling losses claimed as itemized deductions on U.S. Form 1040, Schedule A are not allowed on your Massachusetts return.

**5 Fees and Other 5.85% Income**

"Other 5.85% income" includes the following items. Enter the amounts and sources of each item. Do not enter less than "0." Enclose additional statements if more space is needed.

- ▶ All fee income, such as payments for jury duty, election worker payments, director's fees, compensation received as executor or administrator of an estate, and commission income or tips not reported in line 5 of Form 1-NR/PY is taxable. Also, report all bartering income not reported on Schedule C (the fair market value of goods or services received in payment for your services).
- ▶ All prizes and awards won by a nonresident in a quiz program, drawing, beauty contest, etc. held in Massachusetts (part-year residents, whether held inside or outside of Massachusetts) are taxable at fair market value. Awards and bonuses received from your employer for performance of services in Massachusetts (part-year residents, whether received from sources inside or outside of Massachusetts) are also taxable.
- ▶ Other 5.85% income from Massachusetts sources or received while a part-year resident, reported on U.S. Form 1040, line 21, and not reported elsewhere in "5.85% Income" section on Massachusetts Form 1-NR/PY, must be reported in line 5 of Schedule X.
- ▶ Pre-1996 installment sales classified as ordinary income for Massachusetts purposes are taxed as 5.85% income and must be reported on Schedule X, line 5.
- ▶ Embezzled or other income from illegal activities from Massachusetts sources or received while a part-year resident is taxable.

**6 Total**

Add lines 1 through 5 and enter the total in line 6 of Schedule X and on line 11 of Form 1-NR/PY. Be sure to enclose Schedule X with your return. Failure to do so will delay the processing of your return.

# Schedule Y

**Other Deductions**

Be sure to enclose with Form 1-NR/PY.

**1 Allowable Employee Business Expenses**

Generally, reimbursed employee business expenses are not included in your wages or salary and therefore are not allowed as deductions. However, there are unreimbursed and certain reimbursed expenses for which you are allowed a deduction. Complete the worksheet on the next page in order to calculate your Mass. employee business expense deduction. The expenses must relate to income reported in lines 5 or 11 on Form 1-NR/PY.

Employees may deduct the following:

- ▶ unreimbursed travel and transportation expenses including lodging and meals away from home incurred by any employee; and
- ▶ all federally deductible unreimbursed employee business expenses, if the employee is a salesperson who solicits business for an employer away from the employer's place of business.

Unreimbursed expenses are only deductible if all of the following conditions are met:

- ▶ you itemize deductions;
- ▶ you file a joint return in Massachusetts, if you also filed a joint U.S. return; and
- ▶ your unreimbursed business expenses taken together with the other miscellaneous itemized deductions reported on U.S. Form 1040, Schedule A, lines 20, 21 and 22 exceed 2% of your federal adjusted gross income reported on U.S. Form 1040, Schedule A, line 25. See the Schedule Y, line 1 worksheet on the next page.

If you are a qualified performing artist or a fee-basis state or local government official, do not complete the worksheet. Enter on Schedule Y, line 5 your federally deductible business expenses included on U.S. Form 1040, line 32 and fill in the appropriate oval in Schedule Y, line 5. On the dotted line next to line 5, be sure to indicate the type of deduction being taken, as identified on U.S. Form 1040, line 32. For example, qualified performing arts-related expenses should be identified as "QPA" and employee business expenses of fee-basis state or local government officials should be identified as "FBO." Enclose U.S. Form 2106 or 2106-EZ with your return.

**Schedule Y, Line 1 — Massachusetts Employee Business Expense Deduction Worksheet**

**A.** Enter the amount from U.S. Form 2106, line 10, or 2106-EZ, line 6 . . . . .

**B.** If you are an employee other than an outside salesperson, add the amount of unreimbursed expenses included in U.S. Form 2106 or 2106-EZ, line 4 to the amount of unreimbursed meals and entertainment expenses included in U.S. Form 2106 or 2106-EZ, line 5, **except** for meals incurred while away from home. Enter the result here. . . . .

**C.** If you are an individual with a disability, enter the amount of impairment-related expenses included in item A and claimed on line 27 of U.S. Schedule A . . . . .

**D.** Subtract items B and C from item A, and enter the result here. . . . .

**E.** Enter the amount from U.S. Schedule A, line 26 . . . . .

**F.** Enter the smaller amount of Item D or E here and on Schedule Y, line 1 . . . . .

Be sure to enclose U.S. Form 2106 or 2106-EZ with your return.

**2 Penalty on Early Savings Withdrawal**

If you were charged a penalty because of early withdrawal of savings, and interest on the savings that such a penalty relates to is reported in line 7a or 23b of this return or on a prior year Massachusetts return, you may deduct the penalty. This deduction is the same as the amount allowable on U.S. Form 1040, line 30. Enter this amount in line 2 of Schedule Y.

**3 Alimony Paid**

This deduction includes only amounts paid by you to your former spouse during 2000 for alimony or separate maintenance under court decree, or for excess alimony amounts recaptured. Nonresidents, multiply the amount of alimony paid on your U.S. Form 1040, line 31a, by Form 1-NR/PY, line 14g to determine the amount you may claim against Massachusetts income. Enter the result in line 3. Part-year residents, enter the amount of alimony paid while a Massachusetts resident in line 3. Enter the recipient's Social Security number in the space provided on Schedule Y, line 3.

**4 Amounts Excludible Under MGL Ch. 41, Sec. 111F or U.S. Tax Treaty Included in Form 1-NR/PY, Line 5.**

Massachusetts allows an exclusion from income of amounts received by a firefighter or police officer incapacitated in the line of duty, per MGL Ch. 41, sec. 111F, and an exclusion from income of amounts received by qualifying students exempt under a U.S. tax treaty.

Enter any excludible amount of income received while you were a firefighter or police officer incapacitated in the line of duty in line 4 of Schedule Y that was included in Form 1-NR/PY, line 5, and fill in the appropriate oval. Be sure to enclose a statement from your employer.

If you were a qualifying student, enter any excludible amount of income received that was exempt under a U.S. tax treaty in line 4 of Schedule Y that was included in Form 1-NR/PY, line 5, and fill in the appropriate oval. Enter the country name, the income code number and the tax treaty article citation in the spaces provided. Be sure to enclose U.S. Form 1042-S.

**5 Other Qualified Deductions**

You may claim **only** the following deductions for Schedule Y, line 5. If you are entitled to claim any of the deductions in line 5, fill in the appropriate ovals and enter the total amount in line 5.

► **Student Loan Interest Deduction:** Nonresidents, multiply the amount from U.S. Form 1040, line 24 or 1040A, line 17 (not to exceed \$2,000 for tax year 2000) by line 14g and fill in the appropriate oval in line 5 of Schedule Y. Part-year residents, multiply the amount from U.S. Form 1040, line 24 or 1040A, line 17 (not to exceed \$2,000 for tax year 2000) by line 2 and fill in the appropriate oval in line 5 of Schedule Y.

► **Medical Savings Account (MSA) Deduction:** Nonresidents, multiply the amount from U.S. Form 1040, line 25 by line 14g, enclose U.S. Form 8853 and fill in the appropriate oval in line 5 of Schedule Y. Part-year residents, multiply the amount from U.S. Form 1040, line 25 by line 2, enclose U.S. Form 8853 and fill in the appropriate oval in line 5 of Schedule Y.

► **Moving Expenses:** Nonresidents and part-year residents, enter the amount from U.S. Form 1040, line 26 that is related to Massachusetts employment, enclose U.S. Form 3903 and fill in the appropriate oval in line 5 of Schedule Y.

► **Self-Employed Health Insurance Deduction:** Due to differences between the Internal Revenue Code as amended and in effect as of January 1, 1998 and the current year, **only 50%** of the qualified insurance payments are deductible for Massachusetts purposes for the 2000 tax year. As a result, you must complete a pro forma version of the U.S. Self-Employed Health Insurance Deduction Worksheet (U.S. Form 1040 instructions) using .50 (50%) in line 2 of the worksheet. If you used the worksheet in IRS Pub. 535, you must complete a pro forma version using .50 (50%) in line 4 of the worksheet. Enter the result here and fill in the appropriate oval in line 5 of Schedule Y. Nonresidents and part-year residents, this amount must be related to Massachusetts employment.

► **Certain Qualified Deductions from U.S. Form 1040:** **Do not include** any amounts reported on U.S. Form 1040, lines 23 through 31a that are included in Form 1040, line 32 total. Enter **only** amounts included in U.S. Form 1040, line 32 as an adjustment, **except** amounts contributed to sec. 501(c)(18) pension plan and contributions by certain chaplains to sec. 403(b) plans. For Massachusetts purposes, contributions to sec. 501(c)(18) pension plans and contributions by certain chaplains to sec. 403(b) plans are not deductible. Nonresidents, if you

are claiming a deduction for clean-fuel vehicles, multiply that amount by Form 1-NR/PY, line 14g; part-year residents, if you are claiming a deduction for clean-fuel vehicles, multiply that amount by Form 1-NR/PY, line 2. The following deductions may be claimed only if they are related to Massachusetts income as included in Form 1-NR/PY, line 12: qualified performing arts-related expenses; jury duty pay given to your employer; reforestation amortization; repayment of supplemental unemployment benefits under the Trade Act of 1974; employee business expenses of fee-basis state or local government officials; and deductible expenses related to income reported on U.S. Form 1040, line 21 and Massachusetts Schedule X, line 5 from the rental of personal property engaged in for profit. If you are entitled to claim any of these deductions, fill in the appropriate oval in line 5 of Schedule Y. On the dotted line next to line 5, be sure to indicate the type of deduction being taken, as identified on U.S. Form 1040, line 32. Identify qualified performing arts-related expenses as "QPA"; jury duty pay given to your employer as "Jury Pay"; reforestation amortization as "RFST"; repayment of supplemental unemployment benefits under the Trade Act of 1974 as "Sub-Pay TRA"; the deduction for clean-fuel vehicles as "Clean-Fuel"; employee business expenses of fee-basis state or local government officials as "FBO"; and deductible expenses related to income reported on U.S. Form 1040, line 21 and Massachusetts Schedule X, line 5 from the rental of personal property engaged in for profit as "PPR." Fill in the appropriate oval in line 5 of Schedule Y.

## 6 Deductible Qualified Contributory Pension Income from Another State or Political Subdivision Included in Form 1-NR/PY, Line 6

Massachusetts allows a deduction for pension income received from another state or one of its political subdivisions which does not tax such income from Massachusetts or its political subdivisions. For guidelines to determine which state's pensions are exempt in Massachusetts, refer to Technical Information Release (TIR) 95-9. Enter any deductible amount of such income in line 6 of Schedule Y that was included in Form 1-NR/PY, line 6. Be sure to enter the name of the state or political subdivision in the space provided in line 6.

## 7 College Tuition Deduction

A deduction is allowed for tuition payments paid by you, for yourself or a dependent, to a qualifying two- or four-year college. The deduction is equal to the amount by which the tuition payments, less any scholarships, grants or financial aid received, exceed 25% of Massachusetts adjusted gross income. Complete Schedule NTS-L-NR/PY, found on the back of page 3 of Form 1-NR/PY, and the following Schedule Y, line 7 worksheet to see if you may qualify for this deduction. See Technical Information Release (TIR) 97-13 for more information.

### **Schedule Y, Line 7 Worksheet —College Tuition Deduction**

**Line 1.** Enter total tuition payments paid by you, for yourself or a dependent, to a qualifying two- or four-year college in 2000 . . . . .

**Line 2.** Enter amount of scholarships, grants or financial aid received in 2000 for amounts shown in line 1 . . . . .

**Line 3.** Subtract line 2 from line 1. If "0" or less, you do not qualify for this deduction . . . . .

**Line 4.** Enter amount from line 8 of Schedule NTS-L-NR/PY, No Tax Status and Limited Income Credit . . . . .

**Line 5.** Multiply line 4 by .25. . . . .

**Line 6.** If line 3 is smaller than line 5, you are not eligible for this deduction. Enter "0." If line 3 is larger than line 5, subtract line 5 from line 3 and enter the result here . . . . .

**Line 7.** Part-year residents, multiply line 6 by Form 1-NR/PY, line 2. Enter the result here and in line 7 on Schedule Y. Nonresidents, multiply line 6 by Form 1-NR/PY, line 14g. Enter the result here and in line 7 on Schedule Y. . . . .

## 8 Total Other Deductions

Add lines 1 through 7 and enter the total in line 8 of Schedule Y and on line 19 of Form 1-NR/PY. Be sure to enclose Schedule Y with your return. Failure to do so will delay the processing of your return.

# Schedule Z

## Other Credits

Be sure to enclose with Form 1-NR/PY.

### 1 Part 1 Credits

► **Lead Paint:** If you incurred expenses for covering or removing lead paint on residential premises in Massachusetts, you may claim a credit for expenses up to \$1,500 for each residential unit. A seven-year carryover of any unused credits is allowed. Strict regulations govern who can remove or cover the lead paint. The basic rules are explained on Massachusetts Schedule LP, Credit for Removing or Covering Lead Paint on Residential Premises. If you qualify for the credit, complete and enclose Schedule LP and fill in the appropriate oval in Part 1.

► **Economic Opportunity Area Credit:** Massachusetts allows a credit equal to 5% of the cost of qualifying property purchased for business use within an Economic Opportunity Area (EOA). To qualify for this credit, the property must be used exclusively in a certified project in an EOA. A certified project is a project that has been approved by the Economic Assistance Coordinating Council (EACC). If you qualify for the credit, complete and enclose Schedule EOA and fill in the appropriate oval in Part 1.



► **Full Employment Credit:** Every employer who participates in the Full Employment Program and continues to employ a participant for at least one full month after any Full Employment Program subsidy for that participant has expired may claim the Full Employment Credit. A qualified employer may claim a credit equal to \$100 per month of eligible employment per participant, with a maximum credit of \$1,200 per participant. Qualified participants and employers are those who participate in the Full Employment Program under the rules of the Department of Transitional Assistance (DTA). A five-year carryover of any unused credit is allowed. If you qualify for this credit, complete and enclose Massachusetts Schedule FEC, Full Employment Credit, and fill in the appropriate oval in Part 1.

► **Septic Credit:** An owner of residential property located in Massachusetts who occupies the property as his or her principal residence is allowed a credit of a maximum of \$1,500 per taxable year for expenses incurred to comply with the sewer system requirements of Title V as promulgated by the Department of Environmental Protection or to connect to a municipal sewer system pursuant to a federal court order, consent decree or similar mandate. The amount of the credit is 40% of the cost, up to \$15,000, for design and construction expenses for repair or replacement of a failed cesspool or septic system. The maximum aggregate amount of the credit is \$6,000. A five-year carryover of any unused credit is allowed. See TIRs 97-12, 98-8 and 99-5 for more information. If you qualify for this credit, complete and enclose Massachusetts Schedule SC, Septic Credit, and fill in the appropriate oval in Part 1.

► **Brownfields Credit:** Effective for tax years beginning on or after January 1, 1999, taxpayers are allowed a credit for amounts expended to rehabilitate contaminated property owned or leased for business purposes and located within an economically distressed area. In general, the credit is 25% or 50% of certain environmental response and removal costs incurred between August 1, 1998, and January 1, 2007, provided that the taxpayer commences and diligently pursues an environmental response action before August 5, 2003. The credit that may be taken in any taxable year is limited to 50% of the taxpayer's tax liability. A five-year carryforward of unused credit is allowed, provided the taxpayer continues to maintain the remedies required by law. For more information, see TIRs 99-13 and 00-9.

Nonresidents and part-year residents, enter the total amount of all credits claimed in Part 1 in Schedule Z, line 1 and enter line 1 total on Form 1-NR/PY, line 30. Part-year residents, complete line 2, if applicable.

## 2 Part 2 Credits for Residents and Part-Year Residents Only

► **Income Tax Paid to Another State:** If any of the income reported on this return is subject to taxation in another state or jurisdiction and you have filed a return and paid taxes in the other

state or jurisdiction, complete Schedule F on the back of page 3 of Form 1-NR/PY to calculate the credit. See Schedule F instructions. Be sure to enclose a copy of your return filed with another state or jurisdiction and fill in the appropriate oval in Part 2.

► **Energy:** If you had expenditures for certain renewable energy source items, such as equipment which uses or transmits solar or wind energy to heat, cool, or provide hot water for your principal residence in Massachusetts, you may qualify for a credit. Massachusetts does not allow a credit for expenditures on items such as: insulation, storm or thermal windows or doors, caulking, weather-stripping, heat pumps (air and water), wood burning stoves or furnaces, and costs for energy conservation. If you qualify for the credit, complete and enclose Massachusetts Schedule EC, Residential Energy Credit, and fill in the appropriate oval in Part 2.

Part-year residents, enter the total amount of the credits claimed in Part 2 in Schedule Z, line 2 and enter line 2 total on Form 1-NR/PY, line 31.

## Schedule E, Part I

**Note:** If showing a loss, be sure to mark over the "X" in the box to the left.

### Rental, Royalty and REMIC Income or Loss

#### 2 Massachusetts Differences

Enter and explain any amounts or differences included in line 1 which are not taxable to you in Massachusetts or which have already been taxed on a Massachusetts return. Explain the differences in the space provided or attach an additional sheet if necessary. Possible differences include:

**Nonresidents.** Enter any rental, royalty or REMIC income or losses included in line 1 which is not Massachusetts source income and thus not taxable to you as a nonresident. Massachusetts source rental income must be from real or tangible personal property located in Massachusetts.

**Part-year residents.** Enter any rental, royalty or REMIC income or losses included in line 1 you received while you were not a resident of Massachusetts.

#### Trust Provisions

Enter any rental or royalty income or losses shown on your U.S. return that is taxed on a Massachusetts Fiduciary Return, Form 2.

#### Deductible Royalties from U.S. Energy Conservation Patents

Enter any income you received from U.S. patents that are approved by the Massachusetts Division of Energy Resources as being useful for energy conservation or for alternative energy

development. Request approval from the Division of Energy Resources, Attention: General Counsel, 70 Franklin St., 7th Floor, Boston, MA 02110, or call (617) 727-4732. Enclose a copy of such approval to your tax return. If such approved income is other than royalty income, use the applicable schedule and explain.

### Passive Losses

As a result of differences in U.S. and Massachusetts rules in 1987, the calculations you made for passive losses on your 1987 U.S. and Massachusetts returns may have differed. Differences in amounts reported in 1987 for U.S. and Massachusetts tax purposes should be adjusted when the property is disposed of or the deduction is used up. In addition, passive losses allowed for Massachusetts tax purposes in 1987, but carried over for U.S. tax purposes, cannot be used again for Massachusetts tax purposes when such carryover losses are eventually allowed for U.S. tax purposes.

To the extent there are applicable adjustments for Massachusetts differences, taxpayers must calculate allowable losses on a pro forma U.S. Form 8582, Passive Activity Loss Limitations.

## 4 Abandoned Building Renovation Deduction

In line 4 enter 10% of the costs of renovating a qualifying abandoned building in an Economic Opportunity Area. Enclose a statement detailing the location and cost of renovating the qualifying abandoned building. For further information, contact the Massachusetts Office of Business Development, 10 Park Plaza, Suite 3720, Boston, MA 02116 or call (617) 973-8600.

## 5 Total Rental and Royalty Income or Loss for Massachusetts

Subtract line 4 from line 3. Remember to subtract losses when calculating the total. Line 5 should be added to any amounts in Schedule E, Part II, line 8 and/or Part III, line 11 and the total entered on Form 1-NR/PY, line 9.

**Note:** If showing a loss, be sure to mark over the "X" in the box to the left.

# Schedule E, Part II

## Income or Loss from Partnerships and S Corporations

### 2 Massachusetts Differences

Enter and explain any differences between total partnership and S corporation income on the U.S. return and the same type of income on your Massachusetts return. Enclose an additional statement, if necessary. Refer back to Schedule E, Part I, line 2 instructions for further guidance. If you use information from Massachusetts Schedule 3K-1 or Schedule SK-1, take care not

to duplicate adjustments already made for differences in U.S. and Massachusetts tax treatments.

**Nonresidents.** Income or loss included in U.S. Schedule E, Part II, line 31, which is derived from partnerships or S corporations not doing business in Massachusetts is not taxable to you as a nonresident. Also, enter adjustments as differences if your partnerships or S corporations are entitled to apportion income in Massachusetts.

**Part-year residents.** Income or loss from partnerships or S corporations you received while you were not a resident of Massachusetts is not taxable to you as a part-year resident.

## 4 Abandoned Building Renovation Deduction

In line 4 enter 10% of the costs of renovating a qualifying abandoned building. Enclose a statement detailing the location and cost of renovating the qualifying abandoned building. For further information, refer to the instructions for Schedule E, Part I, line 4.

## 6 12% Interest and Dividends

Enter 12% interest and dividends from trade or business activity(ies) if included in line 5 from partnerships and S corporations. This income must be entered in Massachusetts Schedule B, line 3. This information should be provided by the partnership or S corporation.

## 7 Interest from Massachusetts Banks

Enter interest from Massachusetts banks from trade or business activity(ies) if reported in line 5. This income must be reported on Form 1-NR/PY, line 7a. This information should be provided by the partnership or S corporation.

## 8 Total Income or Loss from Partnerships and S Corporations

Subtract the total of lines 6 and 7 from line 5. Remember to subtract losses when calculating the total. Line 8 should be added to any amounts in Schedule E, Part I, line 5 and/or Part III, line 11 and the total entered on Form 1-NR/PY, line 9.

# Schedule E, Part III

**Note:** If showing a loss, be sure to mark over the "X" in the box to the left.

## Income or Loss from Grantor-Type Trusts and Non-Massachusetts Estates and Trusts

### 2 Massachusetts Differences

Enter and explain any differences between estate and trust income or loss on the U.S. return and the same type of income on your Massachusetts return. Refer to Schedule E, Part I, line 2 instructions for further guidance.

**4 Abandoned Building Renovation Deduction**

In line 4 enter 10% of the costs of renovating a qualifying abandoned building. Enclose a statement detailing the location and cost of renovating the building. For further information, refer to the instructions for Schedule E, Part I, line 4.

**6 Estate or Nongrantor-Type Trust Income**

Enter estate or nongrantor-type trust income taxed directly on your Massachusetts Fiduciary Return, Form 2, if included in line 5. If you do not know this amount, check either your U.S. Schedule K-1 or contact your trustee or other fiduciary.

**7 Massachusetts Taxable Income from Estates or Trusts Not Previously Taxed**

Subtract line 6 from line 5. Generally, for nonresidents, the only amount entered in line 5 will be the income from grantor-type trusts. Other Massachusetts source income should be taxed at the estate or trust level.

**8 12% Interest and Dividends**

Enter any 12% interest and dividends if included in line 7 and enter on Massachusetts Schedule B, line 3.

**9 Adjustment of 5.85% Income**

Enter the total of interest from Massachusetts banks if included in line 7. This income must be reported on Form 1-NR/PY, line 7a. Enter the total of pension and annuity income if included in line 7. This income must be reported on Form 1-NR/PY, line 6.

**11 Income or Loss from Grantor-Type and Non-Massachusetts Estates and Trusts**

Subtract line 10 from line 7. Remember to subtract losses when calculating the total. Line 11 should be added to any amount(s) in Schedule E, Part I, line 5 and/or Part II, line 8 and the total entered on Form 1-NR/PY, line 9.

## Schedule B

**Note:** If showing a loss, be sure to mark over the "X" in the box to the left.

**12% Interest, Dividend and Certain Capital Gains and Losses**

Nonresidents and part-year residents must file Massachusetts Schedule B if you had:

- ▶ dividend income in excess of \$400;
- ▶ any interest income other than from Massachusetts banks taxed at 5.85%;
- ▶ short-term capital gains or losses;
- ▶ carryover short-term losses from prior years;
- ▶ long-term gains on collectibles and pre-1996 installment sales classified as capital gain income for Massachusetts purposes;

- ▶ gains or losses from the sale, exchange or involuntary conversion of property used in a trade or business;
- ▶ net long-term capital gains and losses; or
- ▶ excess exemptions.

Collectibles are defined as any capital asset that is a collectible within the meaning of Internal Revenue Code section 408(m), as amended and in effect for the taxable year, including works of art, rugs, antiques, metals, gems, stamps, alcoholic beverages, certain coins, and any other items treated as collectibles for federal tax purposes.

**Nonresidents**, interest and dividends are from Massachusetts sources if they are directly connected with your business activity in Massachusetts. Also, report on Massachusetts Schedule B the short-term gain or loss realized from the transaction of assets being sold or exchanged which are considered to be from Massachusetts sources. Massachusetts source assets are (1) real or tangible personal property located in Massachusetts and (2) property connected with a Massachusetts trade, business or employment.

Nonresidents need not file Massachusetts Schedule B if:

- ▶ all your interest and dividend income and certain capital gains was from non-Massachusetts sources;
- ▶ all Massachusetts source interest income you had was from Massachusetts banks and is taxed at 5.85% (reportable on Form 1-NR/PY, line 7a); or
- ▶ your Massachusetts source gross dividend income was \$400 or less (reportable on Form 1-NR/PY, line 23b).

**Part-year residents**, dividend income in excess of \$400 or any interest income other than from Massachusetts banks (reportable on Form 1-NR/PY, line 7a) received while you were a resident of Massachusetts, whether received from sources inside or outside of Massachusetts, must be reported on Massachusetts Schedule B. Also, short-term gains or losses realized while you were a resident of Massachusetts, whether received from sources inside or outside of Massachusetts, from the sale or exchange of capital assets or from similar transactions which are granted capital gain or loss treatment on your U.S. return must be reported on Schedule B. Include gains from all property, wherever located.

Part-year residents need not file Massachusetts Schedule B if all interest income you had that is taxable by Massachusetts was from Massachusetts banks (reportable on Form 1-NR/PY, line 7a), and your gross dividend income was \$400 or less (reportable on Form 1-NR/PY, line 23b), and you have no short-term capital gains or losses, long-term gains on collectibles and pre-1996 installment sales, gains or losses from the sale, exchange or involuntary conversion of property used in a trade or business, allowable deductions from your trade or business,

carryover short-term losses from prior years, net long-term capital gains or losses, or excess exemptions.

► Nonresidents and part-year residents must complete Massachusetts Schedule B if your interest or dividend income includes: dividends taxed directly to trusts or estates on a Massachusetts Fiduciary Return, Form 2; distributions that are returns of capital; or exempt portions of any interest or dividends from a mutual fund or dividends from current earnings of a corporate trust that are taxed directly on a Massachusetts Corporate Trust Return, Form 3F.

► You need not complete Schedule B, Part 2 if you do not have any of the following: short-term capital gains or losses; carryover short-term losses from prior years; long-term gains on collectibles and pre-1996 installment sales classified as capital gain income for Massachusetts purposes; gains or losses from the sale, exchange or involuntary conversion of property used in a trade or business and held for one year or less; allowable deductions from your trade or business; net long-term capital gains or losses; or excess exemptions (see line 7 instructions).

## Part 1. 12% Interest and Dividend Income

### 1 Total Interest Income

Enter your total interest income from your U.S. Form 1040 or 1040A, lines 8a and 8b, U.S. Form 1040EZ, line 2, or U.S. Telefile Tax Record, item C.

### 2 Total Ordinary Dividends

Enter your total ordinary dividends from your U.S. Schedule B, Part II, line 6 (Form 1040) or U.S. Schedule 1, Part II, line 6 (Form 1040A). If you did not file U.S. Schedule B or U.S. Schedule 1, enter the amount from U.S. Form 1040 or 1040A, line 9.

### 3 Other Interest and Dividends

Enter the following amounts and their sources (enclose additional statement if more space is necessary):

- Interest from obligations of other states and their political subdivisions (including your share, if any, from a partnership, an S corporation and a grantor-type trust or non-Massachusetts trust). Do not include exempt interest already included in line 1;
- Taxable distributions from Massachusetts S corporations not reported in Schedule B, line 2. Distributions in excess of the Massachusetts accumulated adjustments account are dividends to the extent of the corporation's Massachusetts accumulated earnings and profits. For more information, see Regulation 830 CMR 62.17A.1;
- Interest and dividends from a partnership, S corporation, grantor-type trust, or non-Massachusetts estate or trust from Massachusetts Schedule E. Generally, portfolio interest and dividend income from partnerships and S corporations should already be included in the Schedule B, line 1 and line 2 amounts;

► Interest from a trade or business that is reported on Massachusetts Schedule C, line 32; or

► Interest or dividends from a mutual fund, if such distributions are not included in line 1 or line 2. See line 6.

## Lines 5 and 6

Enter only amounts related to income that you have already included in lines 1, 2, and 3.

### 5 Total Interest from Massachusetts Banks

Enter the total interest included in Form 1-NR/PY, line 7a (prior to the exemption amount being subtracted) only if it has been included in lines 1 or 3 of this schedule.

### 6 Other Interest and Dividends to Be Excluded

Enter the total interest and dividends from the following sources (enclose an additional statement, if necessary):

- Interest on U.S. debt obligations. Enter interest received on U.S. treasury bills, notes and bonds, savings bonds or other obligations of the United States, including its territories or dependencies. Such interest is tax-exempt in Massachusetts. For further information concerning exempt obligations of the United States, refer to TIR 89-8;
- Interest and dividends taxed directly to Massachusetts estates and trusts. Enter the interest and dividends that are taxed directly to a Massachusetts estate or trust (reportable on a Massachusetts Fiduciary Return, Form 2);
- Any distribution which is a return of capital included in total gross dividends, line 2;
- Any exempt portion of interest or dividends from a mutual fund included in lines 1, 2 or 3 of this schedule. Enter only the exempt portion of interest or dividends derived from obligations of Massachusetts or its political subdivisions;
- Any interest or dividends from obligations of the Commonwealth of Massachusetts or its political subdivisions held by you;
- Any dividends from current earnings of a corporate trust only if such entity is taxed directly on a Massachusetts Corporate Trust Return, Massachusetts Form 3F; or
- Any interest on pre-retirement distributions from state and municipal contributory pension plans;
- **Nonresidents.** Any amounts included in lines 1, 2 and 3 which you received from sources other than Massachusetts; or
- **Part-year residents.** Any amounts included in lines 1, 2 or 3 which you received while legally domiciled in another state or country.

Do not enter in line 6 either of the following:

- Dividends from the earnings and profits accumulated prior to January 1, 1971 by any corporate trust which was not taxed directly by Massachusetts in prior years, even though such an



entity is taxed directly now (obtain from the entity the taxable status of dividends paid to you); or

- Dividends from any corporate trust which is not taxed directly by Massachusetts. Such entities include: those not doing business in Massachusetts; regulated investment companies or real estate investment trusts (both as defined under the U.S. Internal Revenue Code, Sections 851 and 856); holding companies (as defined in Massachusetts General Laws, Chapter 62, section 8); or those which derive less than 10% of their income from business activities or transactions in Massachusetts.

## **7 Subtotal Interest and Dividend Income**

Subtract the total of lines 5 and 6 from line 4. If you have no short-term capital gains or losses, carryover short-term losses from prior years, long-term gains on collectibles and pre-1996 installment sales classified as capital gain income for Massachusetts purposes, gains or losses from the sale, exchange or involuntary conversion of property used in a trade or business and held for one year or less, allowable deductions from your trade or business, net long-term capital losses, or excess exemptions, omit lines 8–23. Enter the amount from line 7 in line 24 of Schedule B and on Form 1-NR/PY, line 23b and omit lines 25 and 26 of Schedule B. Otherwise, complete Parts 2 and 3.

## **Part 2. Short-Term Capital Gains and Losses and Long-Term Gains on Collectibles and Pre-1996 Installment Sales**

If there are any differences between U.S. and Massachusetts amounts reported in lines 8, 9, 10, 14 and 15, be sure to enter the Massachusetts amount and enclose a statement that includes the line number and an explanation of the differences. Possible differences include:

- Upon the sale of stock of an S corporation, the federal basis must be modified according to Massachusetts Income Tax Regulation, 830 CMR 62.17A.1; and
- Massachusetts has adopted basis adjustment rules to take into account differences between Massachusetts and federal tax laws.
- Nonresidents.** Any short-term capital gains and losses and long-term gains on collectibles which are not Massachusetts source income are not taxable to you as a nonresident and should not be reported in lines 8, 9, 10, 14 and 15. A nonresident's short-term capital gains and losses and gains on the sale of collectibles and pre-1996 installment sales are subject to tax if the gain or loss resulted from the sale or exchange of property connected with a Massachusetts trade or business or from the ownership of real or tangible personal property located in Massachusetts.
- Part-year residents.** Any short-term capital gains and losses and long-term gains on collectibles that occurred while you

were legally domiciled in another state or country during the taxable year are not taxable and should not be reported in lines 8, 9, 10, 14 and 15.

## **8 Short-Term Capital Gains**

Enter the gross short-term capital gains included in U.S. Schedule D, lines 1, 2, 4 and 5, column (f).

## **9 Long-Term Capital Gains on Collectibles and Pre-1996 Installment Sales**

Enter the amount of long-term capital gains on collectibles and pre-1996 installment sales classified as capital gain income for Massachusetts purposes, from Massachusetts Schedule D, line 11, columns A, B, C, D or E.

## **10 Gain on Sale of Business Property**

Enter from U.S. Form 4797 the amount of gain from the sale, exchange or involuntary conversion of property used in a trade or business and held for one year or less. Be sure to enclose U.S. Form 4797 with your return.

## **12 Allowable Deductions From Your Trade or Business**

Enter the amount from Massachusetts Schedule C-2, line 10 if you qualify for an excess trade or business deduction. Generally, taxpayers may not use excess 5.85% deductions to offset other income. However, where the taxpayer files a Massachusetts Schedule C or Schedule E, Massachusetts law allows such offsets if the following requirements are met: the excess 5.85% deductions must be adjusted gross income deductions allowed under MGL Ch. 62, sec. 2(d); and these excess deductions may only be used to offset other income which is effectively connected with the active conduct of a trade or business or any other income allowed under IRC, sec. 469(d)(1)(B) to offset losses from passive activities. Enclose Schedule C-2 with your return.

## **14 Short-Term Capital Losses**

Enter the gross short-term capital losses included in U.S. Schedule D, lines 1, 2, 4 and 5, column (f).

## **15 Loss on Sale of Business Property**

Enter from U.S. Form 4797 the amount of loss from the sale, exchange or involuntary conversion of property used in a trade or business and held for one year or less. Be sure to enclose U.S. Form 4797 with your return.

## **16 Prior Years Short-Term Unused Losses**

You may use short-term losses accumulated in the previous taxable years beginning after 1981 in the computation of short-term gain or loss for the current year. Enter here the amount from your 1999 Massachusetts Schedule B, line 28.

**Note:** A nonresident or part-year resident of Massachusetts who has unused losses from previous years that were not from Massachusetts sources or were not received while a Massachusetts resident may not use such losses.

## 17 Subtotal Interest and Dividends and Certain Capital Gains and Losses

Combine lines 13, 14, 15 and 16. If Schedule B, line 17 is a loss and all amounts in Schedule D, line 14, columns A, B, C, D or E are "0" or less, omit lines 18-23, enter "0" in lines 24 and 25, enter the amount from line 17 on line 26 (Schedule B, page 2), and enter "0" on Form 1-NR/PY, lines 23b and 25. If line 17 is a positive amount and any amount in Schedule D, line 14, columns A, B, C, D or E is greater than "0," omit line 18 and enter the amount from line 17 in line 19. Otherwise, go to line 18.

## 18 Capital Losses Applied Against Interest, Dividends and/or Capital Gains

If Schedule B, line 17 is a loss and any amount in Schedule D, line 14, columns A, B, C, D or E is a positive amount, complete the Short-Term Capital Losses Applied Against Long-Term Capital Gains Worksheet for Schedule B, Line 18 and Schedule D, Line 15 in the next column. When completing the worksheet, be sure to enter all losses as a positive amount.

If Schedule B, line 17 is a positive amount and any amount in Schedule D, line 14, columns A, B, C, D or E is a loss, complete the Long-Term Capital Losses Applied Against Interest, Dividends and Short-Term Capital Gains Worksheet for Schedule B, Line 18 and Schedule D, Line 15 on page 39. When completing the worksheet, be sure to enter all losses as a positive amount.

## 19 Subtotal Interest and Dividends and Certain Capital Gains and Losses

If line 17 is greater than "0," subtract line 18 from line 17. If line 17 is less than "0," combine lines 17 and 18. If line 19 is a loss, omit lines 20 through 25, enter the amount from line 19 in line 26 and enter "0" on Form 1-NR/PY, lines 23b and 25. Otherwise, continue completing Schedule B.

## 20 Long-Term Gain Deduction

Complete only if lines 9 and 19 are greater than "0." If there is no entry in line 9, enter "0." If line 9 shows a gain, enter 50% of line 9 less 50% of losses in lines 14, 15, 16 and 18, but not less than "0."

**Example:** Jack has a long-term capital gain on collectibles of \$1,000 entered in line 9 and line 13. He does not have any other interest income (other than interest from Massachusetts banks) and dividend income. Jack also has a short-term capital loss of \$100 entered in line 14 and a prior year short-term unused loss of \$200 entered in line 16. Jack enters \$350 in line 20: **\$500 (50% of \$1,000) minus \$150 (50% of \$300) = \$350.**

## Part 3. Taxable Interest, Dividends and Certain Capital Gains

### 21 Adjusted Gross Interest, Dividends and Certain Capital Gains

Subtract line 20 from line 19. Not less than "0."

### 22 Excess Exemptions

Enter the amount from item E of the Excess Exemption Worksheet on pages 22–23. Complete only if single, head of household or married filing jointly and Form 1-NR/PY, line 22 is greater than Form 1-NR/PY, line 21.

### 24 Interest and Dividends Taxable at 5.85%

If line 23 is greater than or equal to line 7, enter the amount from line 7 here and on Form 1-NR/PY, line 23b. If line 23 is less than line 7, enter the amount from line 23 here and on Form 1-NR/PY, line 23b.

### 25 Taxable 12% Capital Gains

Subtract line 24 from line 23. Not less than "0." Enter the result here and on Form 1-NR/PY, line 25a.

### 26 Available Short-Term Losses for Carryover in 2001

Enter the amount from line 19 (Schedule B, page 1), only if it is a loss. If line 19 is not completed, enter the amount from line 17, only if it is a loss.

**Note:** Before completing the Short-Term Capital Losses Applied Against Long-Term Capital Gains Worksheet for Schedule B, Line 18 and Schedule D, Line 15, or the Long-Term Capital Losses Applied Against Interest, Dividends and Short-Term Capital Gains Worksheet for Schedule B, Line 18 and Schedule D, Line 15, you must have completed Schedule B, line 17 and Schedule D, line 14.

If you need additional information on how to net capital gains against capital losses, visit DOR's website at [www.massdor.com](http://www.massdor.com).

**Short-Term Capital Losses Applied Against Long-Term Capital Gains Worksheet for Schedule B, Line 18 and Schedule D, Line 15. Complete only if Schedule B, line 17 is a loss and any amount in Schedule D, line 14, column A, B, C, D or E is a positive amount. Enter all losses as positive amounts.**

**A.** Enter amount from Schedule B, line 17 as a positive amount. ....

**B.** Enter any gain from Schedule D, line 14, column A. Otherwise, enter "0" ....

**C.** If item A is smaller than or equal to item B, enter item A here and in Schedule D, line 15, column A. If item A is larger than item B, enter item B here and in Schedule D, line 15, column A. ....

**Worksheet continues on next page ...**

## ... Continued from previous page

- D.** Subtract item C from item A. Enter result here. If "0," omit items E through O and complete item P. Otherwise, complete items E through G. ....
- E.** Enter any gain from Schedule D, line 14, column B. Otherwise, enter "0". ....
- F.** If item D is smaller than or equal to item E, enter item D here and in Schedule D, line 15, column B. If item D is larger than item E, enter item E here and in Schedule D, line 15, column B. ....
- G.** Subtract item F from item D. Enter result here. If "0," omit items H through O and complete item P. Otherwise, complete items H through J. ....
- H.** Enter any gain from Schedule D, line 14, column C. Otherwise, enter "0". ....
- I.** If item G is smaller than or equal to item H, enter item G here and in Schedule D, line 15, column C. If item G is larger than item H, enter item H here and in Schedule D, line 15, column C. ....
- J.** Subtract item I from item G. Enter result here. If "0," omit items K through O and complete item P. Otherwise, complete items K through M. ....
- K.** Enter any gain from Schedule D, line 14, column D. Otherwise, enter "0". ....
- L.** If item J is smaller than or equal to item K, enter item J here and in Schedule D, line 15, column D. If item J is larger than item K, enter item K here and in Schedule D, line 15, column D. ....
- M.** Subtract item L from item J. Enter result here. If "0," omit items N and O and complete item P. Otherwise, complete items N through P. ....
- N.** Enter any gain from Schedule D, line 14, column E. Otherwise, enter "0". ....
- O.** If item M is smaller than or equal to item N, enter item M here and in Schedule D, line 15, column E. If item M is larger than item N, enter item N here and in Schedule D, line 15, column E. ....
- P.** Add items C, F, I, L and O. Enter the result here and in Schedule B, line 18. ....

**Long-Term Capital Losses Applied Against Interest, Dividends and Short-Term Capital Gains Worksheet for Schedule B, Line 18 and Schedule D, Line 15. Complete only if Schedule B, line 17 is a positive amount and any amount in Schedule D, line 14, column A, B, C, D or E is a loss. Enter all losses as a positive amount.**

- A.** Enter amount from Schedule B, line 17. ....
- B.** Enter any loss from Schedule D, line 14, column A as a positive amount. Otherwise, enter "0". ....
- C.** If item A is smaller than or equal to item B, enter item A here and in Schedule D, line 15, column A. If item A is larger than item B, enter item B here and in Schedule D, line 15, column A. ....
- D.** Subtract item C from item A. Enter result here. If "0," omit items E through O and complete item P. Otherwise, complete items E through G. ....
- E.** Enter any loss from Schedule D, line 14, column B as a positive amount. Otherwise, enter "0". ....

**Worksheet continues in next column ...**

## ... Continued from previous column

- F.** If item D is smaller than or equal to item E, enter item D here and in Schedule D, line 15, column B. If item D is larger than item E, enter item E here and in Schedule D, line 15, column B. ....
- G.** Subtract item F from item D. Enter result here. If "0," omit items H through O and complete item P. Otherwise, complete items H through J. ....
- H.** Enter any loss from Schedule D, line 14, column C as a positive amount. Otherwise, enter "0". ....
- I.** If item G is smaller than or equal to item H, enter item G here and in Schedule D, line 15, column C. If item G is larger than item H, enter item H here and in Schedule D, line 15, column C. ....
- J.** Subtract item I from item G. Enter result here. If "0," omit items K through O and complete item P. Otherwise, complete items K through M. ....
- K.** Enter any loss from Schedule D, line 14, column D as a positive amount. Otherwise, enter "0". ....
- L.** If item J is smaller than or equal to item K, enter item J here and in Schedule D, line 15, column D. If item J is larger than item K, enter item K here and in Schedule D, line 15, column D. ....
- M.** Subtract item L from item J. Enter result here. If "0," omit items N and O and complete item P. Otherwise, complete items N through P. ....
- N.** Enter any loss from Schedule D, line 14, column E as a positive amount. Otherwise, enter "0". ....
- O.** If item M is smaller than or equal to item N, enter item M here and in Schedule D, line 15, column E. If item M is larger than item N, enter item N here and in Schedule D, line 15, column E. ....
- P.** Add items C, F, I, L and O. Enter the result here and in Schedule B, line 18. ....

## Schedule D

**Note:** If showing a loss, be sure to mark over the X in the box to the left.

### Long-Term Capital Gains and Losses Excluding Collectibles

**Nonresidents.** The long-term gain or loss realized from the transaction of assets being sold or exchanged which are considered to be from Massachusetts sources must be reported on Massachusetts Schedule D. Long-term capital gains are gains on the sale or exchange of capital assets that have been held for more than one year on the date of sale or exchange. Long-term capital losses are losses on the sale or exchange of capital assets that have been held for more than one year on the date of sale or exchange. Holding periods will be deemed not to have begun prior to January 1, 1995. Massachusetts source assets are (1) real or tangible personal property located in Massachusetts and (2) property connected with a Massachusetts trade, business or employment.

**Part-year residents.** The long-term gains or losses realized while you were a resident of Massachusetts, whether received from sources inside or outside of Massachusetts, from the sale or exchange of capital assets or from similar transactions which are granted capital gain or loss treatment on your U.S. return, or any capital gains distributions received, must be reported on Massachusetts Schedule D. Include gains from all property, wherever located. Long-term capital gains are gains on the sale or exchange of capital assets that have been held for more than one year on the date of sale or exchange. Long-term capital losses are losses on the sale or exchange of capital assets that have been held for more than one year on the date of sale or exchange. Holding periods will be deemed not to have begun prior to January 1, 1995.

For tax year 2000 the applicable tax rates are 5% if the capital asset was held for more than one year but not more than two years (column A), 4% if the capital asset was held more than two years but not more than three years (column B), 3% if the capital asset was held more than three years but not more than four years (column C), 2% if the capital asset was held more than four years but not more than five years (column D), and 1% if the capital asset was held more than five years (column E).

The new law defines "capital gain income" as gain from the sale or exchange of a capital asset. The definition of "capital asset" has been expanded to include: (1) an asset which is a capital asset under IRC sec. 1221, or (2) property that is used in a trade or business within the meaning of IRC sec. 1231(b) without regard to the holding period as defined in said sec. 1231(b).

Significant differences between the U.S. and Massachusetts capital gain provisions are:

- Upon the sale of stock of an S corporation, the federal basis must be modified according to Massachusetts Income Tax Regulation, 830 CMR 62.17A.1; and
- Massachusetts has adopted basis adjustment rules to take into account differences between Massachusetts and federal tax laws. For more information regarding basis adjustment rules, see TIR 88-7 or the *Guide to Filing Your 2000 Massachusetts Income Taxes*.

Net ordinary losses that are itemized deductions on U.S. Schedule A are not allowable.

### Installment Sales

If a sale was treated as an installment sale for U.S. income tax purposes, it may be treated the same way on your Massachusetts income tax return. Gains from pre-1996 installment sales are classified as either capital gains or ordinary income under the Massachusetts law in effect on the date the sale or exchange took place. Gains from pre-1996 installment sales that are classified as capital gains should be reported as 12% income on Massachusetts Schedule B. If the asset was held for

more than one year when it was sold, the gain will be eligible for a 50% long-term deduction. Gains from pre-1996 installment sales that are classified as capital gains included on Massachusetts Schedule D, line 3 should be reported on Massachusetts Schedule D, line 11 ("Long-term gains on collectibles and pre-1996 installment sales"). The amount of such gain is then reported on Massachusetts Schedule B, Part 2, line 9. Enclose a statement with Massachusetts Schedule D identifying such amount in line 11 as "2000 gain from pre-1996 installment sale."

Gains from pre-1996 installment sales classified as ordinary income and that are included on Massachusetts Schedule D, line 3 should be reported on Massachusetts Schedule D, line 9 ("Differences"). The amount of such gain classified as ordinary income should then be reported on Form 1-NR/PY, line 11 ("Other income") and included on Schedule X, line 5 and identified as "2000 gain from pre-1996 installment sale."

If you wish to report a sale on your Massachusetts return as an installment sale, you must apply in writing to the Department of Revenue's Installment Sales Unit. The Commissioner of Revenue must approve your application to report the sale on the installment basis in Massachusetts before you file your return, and appropriate security must be posted. An explanatory statement must be enclosed with each return for the life of the installment sale. For further information contact the Installment Sales Unit at (617) 887-6950.

**Note:** Complete Schedule D, lines 1–20, columns A, B, C, D or E (Schedule D, pages 1–3) before completing Schedule D, lines 21 and 22 (Schedule D, page 4). Also, be sure to enclose pages 1–4 of Schedule D with Form 1-NR/PY.

## 1 Long-Term Capital Gains and Losses

Enter in column A the gain or loss included in U.S. Schedule D, line 8, column f, from the sale or exchange of assets held more than one year but not more than two years. Enter in column B the gain or loss included in U.S. Schedule D, line 8, column f, from the sale or exchange of assets held more than two years but not more than three years. Enter in column C (Schedule D, page 2) the gain or loss included in U.S. Schedule D, line 8, column f, from the sale or exchange of assets held more than three years but not more than four years. Enter in column D (Schedule D, page 2) the gain or loss included in U.S. Schedule D, line 8, column f, from the sale or exchange of assets held more than four years but not more than five years. Enter in column E (Schedule D, page 3) the gain or loss included in U.S. Schedule D, line 8, column f, from the sale or exchange of assets held more than five years.

## 2 Additional Long-Term Capital Gains and Losses

Enter in column A the gain or loss included in U.S. Schedule D, line 9, column f, from the sale or exchange of assets held more



than one year but not more than two years. Enter in column B the gain or loss included in U.S. Schedule D, line 9, column f, from the sale or exchange of assets held more than two years but not more than three years. Enter in column C (Schedule D, page 2) the gain or loss included in U.S. Schedule D, line 9, column f, from the sale or exchange of assets held more than three years but not more than four years. Enter in column D (Schedule D, page 2) the gain or loss included in U.S. Schedule D, line 9, column f, from the sale or exchange of assets held more than four years but not more than five years. Enter in column E (Schedule D, page 3) the gain or loss included in U.S. Schedule D, line 9, column f, from the sale or exchange of assets held more than five years.

### **3 Gain from Sales of Business Property and Other Long-Term Gains and Losses**

Enter in column A the gain or loss included in U.S. Schedule D, line 11, column f, from the sale or exchange of assets held more than one year but not more than two years. Enter in column B the gain or loss included in U.S. Schedule D, line 11, column f, from the sale or exchange of assets held more than two years but not more than three years. Enter in column C (Schedule D, page 2) the gain or loss included in U.S. Schedule D, line 11, column f, from the sale or exchange of assets held more than three years but not more than four years. Enter in column D (Schedule D, page 2) the gain or loss included in U.S. Schedule D, line 11, column f, from the sale or exchange of assets held more than four years but not more than five years. Enter in column E (Schedule D, page 3) the gain or loss included in U.S. Schedule D, line 11, column f, from the sale or exchange of assets held more than five years.

### **4 Net Long-Term Gain or Loss from Partnerships, S Corporations, Estates and Trusts**

If a partnership, S corporation, estate or trust does not report capital gains in a manner that allows you to determine the amounts attributable to assets held more than two years, report the amount in column A.

Enter in column A the gain or loss included in U.S. Schedule D, line 12, column f, from the sale or exchange of assets held more than one year but not more than two years. Enter in column B the gain or loss included in U.S. Schedule D, line 12, column f, from the sale or exchange of assets held more than two years but not more than three years. Enter in column C (Schedule D, page 2) the gain or loss included in U.S. Schedule D, line 12, column f, from the sale or exchange of assets held more than three years but not more than four years. Enter in column D (Schedule D, page 2) the gain or loss included in U.S. Schedule D, line 12, column f, from the sale or exchange of assets held more than four years but not more than five years. Enter in column E (Schedule D, page 3) the gain or loss included in U.S.

Schedule D, line 12, column f, from the sale or exchange of assets held more than five years.

### **5 Capital Gain Distributions**

If a mutual fund or real estate investment trust does not report capital gain distributions in a manner that allows you to determine the amounts attributable to assets held more than two years, report the amount in column A.

If you did not file U.S. Schedule D, enter in column A the capital gain distributions reported to you by a mutual fund or real estate investment trust included in the amount from U.S. Form 1040, line 13 or 1040A, line 10, from the sale or exchange of assets held more than one year but not more than two years. Enter in column B the capital gain distributions reported to you by a mutual fund or real estate investment trust included in the amount from U.S. Form 1040, line 13 or 1040A, line 10, from the sale or exchange of assets held more than two years but not more than three years. Enter in column C (Schedule D, page 2) the capital gain distributions reported to you by a mutual fund or real estate investment trust included in the amount from U.S. Form 1040, line 13 or 1040A, line 10, from the sale or exchange of assets held more than three years but not more than four years. Enter in column D (Schedule D, page 2) the capital gain distributions reported to you by a mutual fund or real estate investment trust included in the amount from U.S. Form 1040, line 13 or 1040A, line 10, from the sale or exchange of assets held more than four years but not more than five years. Enter in column E (Schedule D, page 3) the capital gain distributions reported to you by a mutual fund or real estate investment trust included in the amount from U.S. Form 1040, line 13 or 1040A, line 10, from the sale or exchange of assets held more than five years.

If you did file a U.S. Schedule D, enter in column A the capital gain distributions reported to you by a mutual fund or real estate investment trust included in U.S. Schedule D, line 13, column f, from the sale or exchange of assets held more than one year but not more than two years. Enter in column B the capital gain distributions reported to you by a mutual fund or real estate investment trust included in U.S. Schedule D, line 13, column f, from the sale or exchange of assets held more than two years but not more than three years. Enter in column C (Schedule D, page 2) the capital gain distributions reported to you by a mutual fund or real estate investment trust included in U.S. Schedule D, line 13, column f, from the sale or exchange of assets held more than three years but not more than four years. Enter in column D (Schedule D, page 2) the capital gain distributions reported to you by a mutual fund or real estate investment trust included in U.S. Schedule D, line 13, column f, from the sale or exchange of assets held more than four years but not more than five years. Enter in column E (Schedule D, page 3) the capital gain distributions reported to you by a mutual fund or real estate

investment trust included in the amount from U.S. Schedule D, line 13, column f, from the sale or exchange of assets held more than five years.

## 6 Massachusetts Long-Term Capital Gains and Losses Included in U.S. Form 4797, Part II

Enter amounts included in U.S. Form 4797, Part II treated as capital gains or losses for Massachusetts purposes (not included in lines 1–5). These include ordinary gains from the sale of Section 1231 property, recapture amounts under Sections 1245, 1250 and 1255, Section 1244 losses and the loss on the sale, exchange or involuntary conversion of property used in a trade or business.

Enter in column A the gain or loss included in U.S. Form 4797, Part II, from the sale or exchange of assets held more than one year but not more than two years. Enter in column B the gain or loss included in U.S. Form 4797, Part II, from the sale or exchange of assets held more than two years but not more than three years. Enter in column C (Schedule D, page 2) the gain or loss included in U.S. Form 4797, Part II, from the sale or exchange of assets held more than three years but not more than four years. Enter in column D (Schedule D, page 2) the gain or loss included in U.S. Form 4797, Part II, from the sale or exchange of assets held more than four years but not more than five years. Enter in Column E (Schedule D, page 3) the gain or loss included in U.S. Form 4797, Part II, from the sale or exchange of assets held more than five years.

## 7 Carryover Losses from Previous Years

If you have a carryover loss from a prior year, enter in the applicable column in line 7 the amount of carryover losses from your 1999 Schedule D, line 25, columns A, B, C and D. This line is not applicable for column E.

## 8 Subtotal Long-Term Capital Gains and Losses

Combine lines 1 through 7, column A and enter the result in line 8, column A. Combine lines 1 through 7, column B and enter the result in line 8, column B. Combine lines 1 through 7, column C (Schedule D, page 2) and enter the result in line 8, column C. Combine lines 1 through 7, column D (Schedule D, page 2) and enter the result in line 8, column D. Combine lines 1 through 6, column E (Schedule D, page 3) and enter the result in line 8, column E.

## 9 Differences

**Nonresidents.** Enter in line 9 any long-term capital gains and losses included on Schedule D, lines 1–7, columns A, B, C, D and E which are not Massachusetts source income and thus not taxable to you as a nonresident. A nonresident's capital gains and losses are subject to tax if the gain or loss resulted from the

sale or exchange of property connected with a Massachusetts trade or business or from the ownership of real or tangible personal property located in Massachusetts.

**Part-year residents.** Enter in line 9 any long-term capital gains or losses included on Schedule D, lines 1–7, columns A, B, C, D and E that occurred while you were legally domiciled in another state or country during the taxable year.

**Nonresidents and part-year residents.** Enter here any other differences between the gains or losses reportable for Massachusetts tax purposes and the gains or losses reported on U.S. Schedule D. For example:

- ▶ Gains or losses of a Massachusetts estate or trust that are taxed directly on the Massachusetts Fiduciary Return, Form 2, if you are the beneficiary and if you included the amounts on Schedule D, line 4;
- ▶ Pre-1996 installment sales classified as ordinary income for Massachusetts purposes;
- ▶ Massachusetts long-term capital gains or losses from transactions reported as installment sales for U.S. income tax purposes but not for Massachusetts; and
- ▶ Massachusetts has adopted basis adjustment rules to take into account differences between Massachusetts and federal tax laws.

**Part-year residents.** Do not enter gains or losses received while a resident from any grantor-type trust or from an estate or trust that is not subject to taxation in Massachusetts.

Any entry in line 9 must be clearly explained in an enclosed statement.

## 10 Adjusted Capital Gains and Losses

Exclude/subtract line 9, column A from line 8, column A and enter the result in line 10, column A. Exclude/subtract line 9, column B from line 8, column B and enter the result in line 10, column B. Exclude/subtract line 9, column C (Schedule D, page 2) from line 8, column C and enter the result in line 10, column C. Exclude/subtract line 9, column D (Schedule D, page 2) from line 8, column D and enter the result in line 10, column D. Exclude/subtract line 9, column E (Schedule D, page 3) from line 8, column E and enter the result in line 10, column E.

- ▶ If line 9 in any column is a loss, add loss as a positive number to the amount recorded in line 8 of that column. See the following examples:

Sch. D	Example A		Example B	
Line	col. A	col. B	col. A	col. B
8	\$1,000	\$1,000	\$700*	\$700*
9	500	300*	500	500*
10	500	1,300	1,200*	200*

\*denotes loss

► If in line 9 you entered amounts which increase the amounts reported from U.S. to Massachusetts, for example, a long-term gain reported as installment sales for U.S. tax purposes but not for Massachusetts, add the amount in line 9 to the amount in line 8.

## 11 Long-Term Gains on Collectibles and Pre-1996 Installment Sales

Enter in line 11, column A the amount of long-term gains on collectibles and pre-1996 installment sales classified as capital gain income for Massachusetts purposes that are included in line 10, column A. Enter in line 11, column B the amount of long-term gains on collectibles and pre-1996 installment sales classified as capital gain income for Massachusetts purposes that are included in line 10, column B. Enter in line 11, column C (Schedule D, page 2) the amount of long-term gains on collectibles and pre-1996 installment sales classified as capital gain income for Massachusetts purposes that are included in line 10, column C. Enter in line 11, column D (Schedule D, page 2) the amount of long-term capital gains on collectibles and pre-1996 installment sales classified as capital gain income for Massachusetts purposes that are included in line 10, column D. Enter in line 11, column E (Schedule D, page 3) the amount of long-term capital gains on collectibles and pre-1996 installment sales classified as capital gain income for Massachusetts purposes that are included in line 10, column E.

Long-term gains on collectibles and pre-1996 installment sales classified as capital gain income for Massachusetts purposes are taxed at the 12% rate and the total of columns A, B, C, D and E should be entered on Schedule B, line 9.

Collectibles are defined as any capital asset that is a collectible within the meaning of Internal Revenue Code section 408(m), as amended and in effect for the taxable year, including works of art, rugs, antiques, metals, gems, stamps, alcoholic beverages, certain coins, and any other items treated as collectibles for federal tax purposes.

## 12 Subtotal

Subtract line 11, column A from line 10, column A and enter the result in line 12, column A. Subtract line 11, column B from line 10, column B and enter the result in line 12, column B. Subtract line 11, column C (Schedule D, page 2) from line 10, column C and enter the result in line 12, column C. Subtract line 11, column D (Schedule D, page 2) from line 10, column D and enter the result in line 12, column D. Subtract line 11, column E (Schedule D, page 3) from line 10, column E and enter the result in line 12, column E.

If any amount in Schedule D, line 12, columns A, B, C, D or E is a gain and any amount in Schedule D, line 12, columns A, B, C, D or E is a loss, complete the Long-Term Capital Losses Applied

Against Long-Term Capital Gains Worksheet for Schedule D, Line 13 on pages 44–46.

If any amount in Schedule D, line 12 is a gain, no other amount in Schedule D, line 12 is a loss, and Schedule B, line 17 is “0” or greater, omit Schedule D, lines 13–15 and enter the amount from Schedule D, line 12 in Schedule D, line 16.

If any amount in Schedule D, line 12 is a loss, no other amount in Schedule D, line 12 is a gain, and Schedule B, line 17 is a positive amount, omit Schedule D, line 13, enter the amount from Schedule D, line 12 in Schedule D, line 14 and complete the Long-Term Capital Losses Applied Against Interest, Dividends and Short-Term Capital Gains Worksheet for Schedule B, Line 18 and Schedule D, Line 15 on page 39.

If any amount in Schedule D, line 12 is a gain, no other amount in Schedule D, line 12 is a loss, and Schedule B, line 17 is a loss, omit Schedule D, line 13, enter the amount from Schedule D, line 12 on Schedule D, line 14 and complete the Short-Term Capital Losses Applied Against Long-Term Capital Gains Worksheet for Schedule B, Line 18 and Schedule D, Line 15 on page 38.

If any amount in Schedule D, line 12 is a loss, no other amount in Schedule D, line 12 is a gain, and Schedule B, line 17 is “0” or less, omit Schedule D, lines 13–15, enter the amount from Schedule D, line 12 in Schedule D, line 16, omit Schedule D, lines 17–21, enter the amount from Schedule D, line 16 in Schedule D, line 22, and enter “0” on Form 1-NR/PY, line 26.

## 13 Long-Term Capital Loss Applied Against Long-Term Capital Gains

Complete the Long-Term Capital Losses Applied Against Long-Term Capital Gains Worksheet for Schedule D, Line 13 on the next page only if any amount in Schedule D, line 12, columns A, B, C, D or E is a gain and any amount in Schedule D, line 12, columns A, B, C, D or E is a loss. When completing the worksheet, be sure to enter all losses as a positive amount.

This worksheet was designed to provide for the netting of long-term gains and losses. First, gains and losses within each holding period are netted. For example, 5% gains are applied against 5% losses, 4% gains are applied against 4% losses, 3% gains are applied against 3% losses, 2% gains are applied against 2% losses, and 1% gains are applied against 1% losses. Then, any net losses within a particular holding period can be applied against net gains within other holding periods, beginning with the highest tax rate and applying any remaining losses against the next highest tax rate. For example, a 3% loss is first applied to 5% gains, any remaining loss is applied to 4% gains, any remaining loss is applied against 2% gains, and any loss still remaining then is applied against 1% gains.

If you need additional information on how to net long-term gains against long-term losses, visit DOR’s website at [www.massdor.com](http://www.massdor.com).

**Long-Term Capital Losses Applied Against Long-Term Capital Gains Worksheet for Schedule D, Line 13. Complete only if any amount in Schedule D, line 12, columns A, B, C, D or E is a gain and any amount in Schedule D, line 12, columns A, B, C, D or E is a loss.**

**Part 1. Complete only if you have a gain in Schedule D, line 12, column A. Otherwise, enter "0" in items A–L and go to Part 2.**

- A.** Enter any gain from Schedule D, line 12, column A. ....
- B.** Enter any loss from Schedule D, line 12, column B as positive figure. If Schedule D, line 12, column B is "0" or greater, enter "0" ....
- C.** If item A is smaller than or equal to item B, enter item A here. If item A is larger than item B, enter item B here. ....
- D.** Subtract item C from item A. Enter result here. ....
- E.** If item D is "0," enter "0" in items E–L and go to Part 2. If item D is greater than "0," enter any loss from Schedule D, line 12, column C as a positive figure. If Schedule D, line 12, column C is "0" or greater, enter "0" ....
- F.** If item D is smaller than or equal to item E, enter item D here. If item D is larger than item E, enter item E here. ....
- G.** Subtract item F from item D. Enter result here. ....
- H.** If item G is "0," enter "0" in items H–L and go to Part 2. If item G is greater than "0," enter any loss from Schedule D, line 12, column D as a positive figure. If Schedule D, line 12, column D is "0" or greater, enter "0" ....
- I.** If item G is smaller than or equal to item H, enter item G here. If item G is larger than item H, enter item H here. ....
- J.** Subtract item I from item G. Enter result here. ....
- K.** If item J is "0," enter "0" in items K and L and go to Part 2. If item J is greater than "0," enter any loss from Schedule D, line 12, column E as a positive figure. If Schedule D, line 12, column E is "0" or greater, enter "0" ....
- L.** If item J is smaller than or equal to item K, enter item J here. If item J is larger than item K, enter item K here. ....

**Part 2. Complete only if you have a gain in Schedule D, line 12, column B. Otherwise, enter "0" in items M–DD and go to Part 3.**

- M.** Enter any gain from Schedule D, line 12, column B. ....
- N.** Enter any loss from Schedule D, line 12, column A as a positive figure. If Schedule D, line 12, column A is "0" or greater, enter "0" ....
- O.** If item M is smaller than or equal to item N, enter item M here. If item M is larger than item N, enter item N here. ....
- P.** Subtract item O from item M. Enter result here. ....
- Q.** If item P is "0," enter "0" in items Q–DD and go to Part 3. If item P is greater than "0," enter any loss from Schedule D, line 12, column C as a positive figure. If Schedule D, line 12, column C is "0" or greater, enter "0" ....
- R.** Enter the amount from item F. ....
- S.** Subtract item R from item Q. Enter result here. ....

*Worksheet continues in next column ...*

*... Continued from previous column*

- T.** If item P is smaller than or equal to item S, enter item P here. If item P is larger than item S, enter item S here. ....
- U.** Subtract item T from item P. Enter result here. ....
- V.** If item U is "0," enter "0" in items V–DD and go to Part 3. If item U is greater than "0," enter any loss from Schedule D, line 12, column D as a positive figure. If Schedule D, line 12, column D is "0" or greater, enter "0" ....
- W.** Enter the amount from item I. ....
- X.** Subtract item W from item V. Enter result here. ....
- Y.** If item U is smaller than or equal to item X, enter item U here. If item U is larger than item X, enter item X here. ....
- Z.** Subtract item Y from item U. Enter result here. ....
- AA.** If item Z is "0," enter "0" in items AA–DD and go to Part 3. If item Z is greater than "0," enter any loss from Schedule D, line 12, column E as a positive figure. If Schedule D, line 12, column E is "0" or greater, enter "0" ....
- BB.** Enter the amount from item L. ....
- CC.** Subtract item BB from item AA. Enter result here. ....
- DD.** If item Z is smaller than or equal to item CC, enter item Z here. If item Z is larger than item CC, enter item CC here. ....

**Part 3. Complete only if you have a gain in Schedule D, line 12, column C. Otherwise, enter "0" in items EE–XX and go to Part 4.**

- EE.** Enter any gain from Schedule D, line 12, column C. ....
- FF.** Enter any loss from Schedule D, line 12, column A as a positive figure. If Schedule D, line 12, column A is "0" or greater, enter "0" ....
- GG.** Enter the amount from item O. ....
- HH.** Subtract item GG from item FF. Enter result here. ....
- II.** If item EE is smaller than or equal to item HH, enter item EE here. If item EE is larger than item HH, enter item HH here. ....
- JJ.** Subtract item II from item EE. Enter result here. ....
- KK.** If item JJ is "0," enter "0" in items KK–XX and go to Part 4. If item JJ is greater than "0," enter any loss from Schedule D, line 12, column B as a positive figure. If Schedule D, line 12, column B is "0" or greater, enter "0" ....
- LL.** Enter the amount from item C. ....
- MM.** Subtract item LL from item KK. Enter result here. ....
- NN.** If item JJ is smaller than or equal to item MM, enter item JJ here. If item JJ is larger than item MM, enter item MM here. ....
- OO.** Subtract item NN from item JJ. Enter result here. ....
- PP.** If item OO is "0," enter "0" in items PP–XX and go to Part 4. If item OO is greater than "0," enter any loss from Schedule D, line 12, column D as a positive figure. If Schedule D, line 12, column D is "0" or greater, enter "0" ....
- QQ.** Add item I and item Y. Enter result here. ....
- RR.** Subtract item QQ from item PP. Enter result here. ....

*Worksheet continues on next page ...*



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**SS.** If item OO is smaller than or equal to item RR, enter item OO here. If item OO is larger than item RR, enter item RR here. ....

**TT.** Subtract item SS from item OO. Enter result here. ....

**UU.** If item TT is "0," enter "0" in items UU–XX and go to Part 4. If item TT is greater than "0," enter any loss from Schedule D, line 12, column E as a positive figure. If Schedule D, line 12, column E is "0" or greater, enter "0" . . . . .

**VV.** Add item L and item DD. Enter result here . . . . .

**WW.** Subtract item VV from item UU. Enter result here . . . . .

**XX.** If item TT is smaller than or equal to item WW, enter item TT here. If item TT is larger than item WW, enter item WW here . . . . .

**Part 4. Complete only if you have a gain in Schedule D, line 12, column D. Otherwise, enter "0" in items YY–RRR and go to Part 5.**

**YY.** Enter any gain from Schedule D, line 12, column D. ....

**ZZ.** Enter any loss from Schedule D, line 12, column A as a positive figure. If Schedule D, line 12, column A is "0" or greater, enter "0". . . . .

**AAA.** Add item O and item II. Enter result here . . . . .

**BBB.** Subtract item AAA from item ZZ. Enter result here . . . . .

**CCC.** If item YY is smaller than or equal to item BBB, enter item YY here. If item YY is larger than item BBB, enter item BBB here . . . . .

**DDD.** Subtract item CCC from item YY. Enter result here . . . . .

**EEE.** If item DDD is "0," enter "0" in items EEE–RRR and go to Part 5. If item DDD is greater than "0," enter any loss from Schedule D, line 12, column B as a positive figure. If Schedule D, line 12, column B is "0" or greater, enter "0" . . . . .

**FFF.** Add item C and item NN. Enter result here . . . . .

**GGG.** Subtract item FFF from item EEE. Enter result here . . . . .

**HHH.** If item DDD is smaller than or equal to item GGG, enter item DDD here. If item DDD is larger than item GGG, enter item GGG here . . . . .

**III.** Subtract item HHH from item DDD. Enter result here . . . . .

**JJJ.** If item III is "0," enter "0" in items JJJ–RRR and go to Part 5. If item III is greater than "0," enter any loss from Schedule D, line 12, column C as a positive figure. If Schedule D, line 12, column C is "0" or greater, enter "0" . . . . .

**KKK.** Add item F and item T. Enter result here . . . . .

**LLL.** Subtract item KKK from item JJJ. Enter result here . . . . .

**MMM.** If item III is smaller than or equal to item LLL, enter item III here. If item III is larger than item LLL, enter item LLL here . . . . .

**NNN.** Subtract item MMM from item III. Enter result here . . . . .

Worksheet continues in next column ...

... Continued from previous column

**OOO.** If item NNN is "0," enter "0" in items OOO–RRR and go to Part 5. If item NNN is greater than "0," enter any loss from Schedule D, line 12, column E as a positive figure. If Schedule D, line 12, column E is "0" or greater, enter "0" . . . . .

**PPP.** Add items L, DD and XX. Enter result here. . . . .

**QQQ.** Subtract item PPP from item OOO. Enter result here . . . . .

**RRR.** If item NNN is smaller than or equal to item QQQ, enter item NNN here. If item NNN is larger than item QQQ, enter item QQQ here . . . . .

**Part 5. Complete only if you have a gain in Schedule D, line 12, column E. Otherwise, enter "0" in items SSS–LLLL and go to Part 6.**

**SSS.** Enter any gain from Schedule D, line 12, column E. ....

**TTT.** Enter any loss from Schedule D, line 12, column A as a positive figure. If Schedule D, line 12, column A is "0" or greater, enter "0". . . . .

**UUU.** Add items O, II and CCC. Enter result here . . . . .

**VVV.** Subtract item UUU from item TTT. Enter result here . . . . .

**WWW.** If item SSS is smaller than or equal to item VVV, enter item SSS here. If item SSS is larger than item VVV, enter item VVV here . . . . .

**XXX.** Subtract item WWW from item SSS. Enter result here . . . . .

**YYY.** If item XXX is "0," enter "0" in items YYY–LLLL and go to Part 6. If item XXX is greater than "0," enter any loss from Schedule D, line 12, column B as a positive figure. If Schedule D, line 12, column B is "0" or greater, enter "0" . . . . .

**ZZZ.** Add items C, NN and HHH. Enter result here . . . . .

**AAAA.** Subtract item ZZZ from item YYY. Enter result here . . . . .

**BBBB.** If item XXX is smaller than or equal to item AAAA, enter item XXX here. If item XXX is larger than item AAAA, enter item AAAA here. . . . .

**CCCC.** Subtract item BBBB from item XXX. Enter result here . . . . .

**DDDD.** If item CCCC is "0," enter "0" in items DDDD–LLLL and go to Part 6. If item CCCC is greater than "0," enter any loss from Schedule D, line 12, column C as a positive figure. If Schedule D, line 12, column C is "0" or greater, enter "0". . . . .

**EEEE.** Add items F, T and MMM. Enter result here . . . . .

**FFFF.** Subtract item EEEE from item DDDD. Enter result here . . . . .

**GGGG.** If item CCCC is smaller than or equal to item FFFF, enter item CCCC here. If item CCCC is larger than item FFFF, enter item FFFF here . . . . .

**HHHH.** Subtract item GGGG from item CCCC. Enter result here . . . . .

Worksheet continues on next page ...

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**IIII.** If item HHHH is "0," enter "0" in items IIII–LLLL and go to Part 6. If item HHHH is greater than "0," enter any loss from Schedule D, line 12, column D as a positive figure.

If Schedule D, line 12, column D is "0" or greater, enter "0" .....

**JJJJ.** Add items I, Y and SS. Enter result here .....

**KKKK.** Subtract item JJJJ from item IIII. Enter result here .....

**LLLL.** If item HHHH is smaller than or equal to item KKKK, enter item HHHH here. If item HHHH is larger than item KKKK, enter item KKKK here .....

#### Part 6. Complete only if you have completed Part 1, 2, 3, 4 or 5.

**MMMM.** If Schedule D, line 12, column A is a gain, add item C, item F, item I and item L. Enter the result here and in Schedule D, line 13, column A as a negative amount. This is the amount of any long-term losses applied to offset long-term capital gains taxed at 5%. If Schedule D line 12, column A is a loss, add item O, item II, item CCC and item WWW. Enter the result here and in Schedule D, line 13, column A as a positive amount. This is the amount of long-term losses from assets held for more than one year but not more than two years applied to offset other long-term capital gains .....

**NNNN.** If Schedule D, line 12, column B is a gain, add item O, item T, item Y and item DD. Enter the result here and in Schedule D, line 13, column B as a negative amount. This is the amount of any long-term losses applied to offset long-term capital gains taxed at 4%. If Schedule D line 12, column B is a loss, add item C, item NN, item HHH and item BBBB. Enter the result here and in Schedule D, line 13, column B as a positive amount. This is the amount of long-term losses from assets held for more than two years but not more than three years applied to offset other long-term capital gains .....

**OOOO.** If Schedule D, line 12, column C is a gain, add item II, item NN, item SS and item XX. Enter the result here and in Schedule D, line 13, column C as a negative amount. This is the amount of any long-term losses applied to offset long-term capital gains taxed at 3%. If Schedule D line 12, column C is a loss, add item F, item T, item MMM and item GGGG. Enter the result here and in Schedule D, line 13, column C as a positive amount. This is the amount of long-term losses from assets held for more than three years but not more than four years applied to offset other long-term capital gains .....

**PPPP.** If Schedule D, line 12, column D is a gain, add item CCC, item HHH, item MMM and item RRR. Enter the result here and in Schedule D, line 13, column D as a negative amount. This is the amount of any long-term losses applied to offset long-term capital gains taxed at 2%. If Schedule D, line 12, column D is a loss, add item I, item Y, item SS and item LLLL. Enter the result here and in Schedule D, line 13, column D as a positive amount. This is the amount of long-term losses from assets held for more than four years but not more than five years applied to offset other long-term capital gains .....

Worksheet continues in next column ...

... Continued from previous column

**QQQQ.** If Schedule D, line 12, column E is a gain, add item WWW, item BBBB, item GGGG and item LLLL. Enter the result here and in Schedule D, line 13, column E as a negative amount. This is the amount of any long-term losses applied to offset long-term capital gains taxed at 1%. If Schedule D, line 12, column E is a loss, add item L, item DD, item XX and item RRR. Enter the result here and in Schedule D, line 13, column E as a positive amount. This is the amount of long-term losses from assets held for more than five years applied to offset other long-term capital gains .....

## 14 Subtotal

Combine line 12, column A with line 13, column A and enter the result in line 14, column A. Combine line 12, column B with line 13, column B and enter the result in line 14, column B. Combine line 12, column C with line 13, column C and enter the result in line 14, column C. Combine line 12, column D with line 13, column D and enter the result in line 14, column D. Combine line 12, column E with line 13, column E and enter the result in line 14, column E.

**Note:** After completing Schedule D, line 13, all amounts in Schedule D, line 14, columns A, B, C, D and E should be either "0" and/or gain(s) or "0" and/or loss(es). If all amounts in Schedule D, line 14 are "0," omit Schedule D, lines 15–17, enter "0" in Schedule D, line 18, omit the remainder of Schedule D and enter "0" in Form 1-NR/PY, line 26.

If any amount in any column in Schedule D, line 14 is "0," enter "0" in lines 15–20 for that column.

If any amount in Schedule D, line 14 is a loss, and Schedule B, line 17 is a positive amount, complete the Long-Term Capital Losses Applied Against Interest, Dividends and Short-Term Capital Gains Worksheet for Schedule B, Line 18 and Schedule D, Line 15 on page 39.

If any amount in Schedule D, line 14 is a gain and Schedule B, line 17 is "0" or greater, omit Schedule D, line 15 and enter the amount from Schedule D, line 14 in Schedule D, line 16.

If any amount in Schedule D, line 14 is a gain and Schedule B, line 17 is a loss, complete the Short-Term Capital Losses Applied Against Long-Term Capital Gains Worksheet for Schedule B, Line 18 and Schedule D, Line 15 on page 38.

If any amount in Schedule D, line 14 is a loss and Schedule B, line 17 is "0" or less, omit Schedule D, line 15, enter the amount from Schedule D, line 14 in Schedule D, line 16, omit Schedule D, lines 17–21, enter the amount from Schedule D, line 16 in Schedule D, line 22, and enter "0" in Form 1-NR/PY, line 26.

## 15 Capital Losses Applied Against Interest, Dividends and Capital Gains

If Schedule B, line 17 is a positive amount and any amount in Schedule D, line 14, column A, B, C, D or E is a loss, complete

the Long-Term Capital Losses Applied Against Interest, Dividends and Short-Term Capital Gains Worksheet for Schedule B, Line 18 and Schedule D, Line 15 on page 39. When completing the worksheet, be sure to enter all losses as a positive amount.

If Schedule B, line 17 is a loss and any amount in Schedule D, line 14, columns A, B, C, D or E is a positive amount, complete the Short-Term Capital Losses Applied Against Long-Term Capital Gains Worksheet for Schedule B, Line 18 and Schedule D, line 15 on page 38. When completing the worksheet, be sure to enter all losses as a positive amount.

## 16 Subtotal

If line 14 is greater than "0," subtract line 15 from line 14. If line 14 is less than "0," combine lines 14 and 15. If line 16 is a loss, omit line 17 through 21, enter the amount from line 16 in line 22 and enter "0" on Form 1-NR/PY, line 26. Otherwise, go to line 17.

## 17 Allowable Deductions From Your Trade or Business

Generally, taxpayers may not use excess 5.85% trade or business deductions to offset other income. However, where the taxpayer files a Massachusetts Schedule C or Schedule E, Massachusetts law allows such offsets if the following requirements are met: the excess 5.85% deductions must be adjusted gross income deductions allowed under MGL Ch. 62, sec. 2(d); and these excess deductions may only be used to offset other income which is effectively connected with the active conduct of a trade or business or any other income allowed under IRC, sec. 469(d)(1)(B) to offset losses from passive activities. Enclose Schedule C-2 with your return.

Enter in line 17, column A the amount from Schedule C-2, line 14. Enter in line 17, column B the amount from Schedule C-2, line 16. Enter in line 17, column C the amount from Schedule C-2, line 18. Enter in line 17, column D the amount from Schedule C-2, line 20. Enter in line 17, column E the amount from Schedule C-2, line 22.

## 18 Subtotal

Subtract line 17, column A from line 16, column A and enter the result in line 18, column A. Not less than "0." Subtract line 17, column B from line 16, column B and enter the result in line 18, column B. Not less than "0." Subtract line 17, column C from line 16, column C and enter the result in line 18, column C. Not less than "0." Subtract line 17, column D from line 16, column D and enter the result in line 18, column D. Not less than "0." Subtract line 17, column E from line 16, column E and enter the result in line 18, column E. Not less than "0."

If all amounts in Schedule D, line 18 are "0," omit Schedule D, lines 19–22 and enter "0" in Form 1-NR/PY, line 26.

## 19 Excess Exemptions

Enter in line 19, column A the amount from item H of the Excess Exemption Worksheet on pages 22–23. Enter in line 19, column B the amount from item K of the Excess Exemption Worksheet on pages 22–23. Enter in line 19, column C (Schedule D, page 2) the amount from item N of the Excess Exemption Worksheet on pages 22–23. Enter in line 19, column D the amount from item Q of the Excess Exemption Worksheet on pages 22–23. Enter in line 19, column E (Schedule D, page 3) the amount from item T of the Excess Exemption Worksheet on pages 22–23.

## 20 Adjusted Long-Term Capital Gains and Tax on Capital Gains by Holding Period

Subtract line 19, column A from line 18, column A and enter the result in line 20, column A and on Schedule D, page 4, line 20A, column 1. Not less than "0." Subtract line 19, column B from line 18, column B and enter the result in line 20, column B and on Schedule D, page 4, line 20B, column 1. Not less than "0." Subtract line 19, column C (Schedule D, page 2) from line 18, column C and enter the result in line 20, column C and on Schedule D, page 4, line 20C, column 1. Not less than "0." Subtract line 19, column D (Schedule D, page 2) from line 18, column D and enter the result in line 20, column D and on Schedule D, page 4, line 20D, column 1. Not less than "0." Subtract line 19, column E (Schedule D, page 3) from line 18, column E and enter the result in line 20, column E and on Schedule D, page 4, line 20E, column 1. Not less than "0."

If all amounts in Schedule D, line 20 are "0," omit Schedule D, lines 21 and 22 and enter "0" in Form 1-NR/PY, line 26.

Multiply the amount in line 20A, column 1 (Schedule D, page 4) by .05 (5%) and enter the result in column 2. Multiply the amount in line 20B, column 1 (Schedule D, page 4) by .04 (4%) and enter the result in column 2. Multiply the amount in line 20C, column 1 (Schedule D, page 4) by .03 (3%) and enter the result in column 2. Multiply the amount in line 20D, column 1 (Schedule D, page 4) by .02 (2%) and enter the result in column 2. Multiply the amount in line 20E, column 1 (Schedule D, page 4) by .01 (1%) and enter the result in column 2.

## 21 Total Tax on Long-Term Capital Gains

Add line 20A, column 2, line 20B, column 2, line 20C, column 2, line 20D, column 2 and line 20E, column 2. Enter result here and on Form 1-NR/PY, line 26. Not less than "0."

## 22 Available Losses for Carryover

Enter in line 22A the amount from line 16, column A, only if it is a loss. Enter in line 22B the amount from line 16, column B, only if it is a loss. Enter in line 22C the amount from line 16, column C, only if it is a loss. Enter in line 22D the amount from line 16, column D, only if it is a loss. Enter in line 22E the amount from line 16, column E, only if it is a loss.

# Schedule C

**Note:** If showing a loss, be sure to mark over the "X" in the box to the left.

## Substituting U.S. Schedules C or C-EZ

If you are substituting U.S. Schedule C or Schedule C-EZ for Massachusetts Schedule C and there are no differences between the amounts reported on U.S. Schedule C or Schedule C-EZ and amounts that would be reported on Massachusetts Schedule C, write "No Massachusetts Differences" on the top of U.S. Schedule C or Schedule C-EZ. Also enclose a copy of U.S. Form 4562 (Depreciation and Amortization). If you deduct expenses for the business use of your home, enclose a copy of U.S. Form 8829.

## Profit or Loss from Business or Profession

Massachusetts Schedule C is provided to report income and deductions from each business or profession operated as a sole proprietorship. A copy of U.S. Schedule C (or Schedule F for farm income) and U.S. Form 4562 (Depreciation and Amortization) must be filed with the Massachusetts Schedule C. If you deduct expenses for the business use of your home, enclose a copy of U.S. Form 8829.

## Registration Information

In the space provided, describe the business or professional activity that provided your principal source of income reported on line 1. If you owned more than one business, you must complete a separate Schedule C for each business. Give the general field or activity and the type of product or service.

## Employer Identification Number

You need an employer identification number (EIN) only if you had a Keogh plan or were required to file an employment, excise, estate, trust, or alcohol, tobacco and firearms tax return. If you do not have an EIN, leave the line blank. Do not enter your SSN.

## Small Business Energy Exemption

If you are claiming the small business energy exemption from the sales tax on purchases of taxable energy or heating fuel during 2000, you must have five or fewer employees. You must enter the number of your employees in the space provided.

## Accounting Method

If you filed a return on the accrual basis last year, your return for this year must be on the same basis. If you filed a return on the cash basis last year and wish to change to the accrual basis this year, you must obtain permission from the Commissioner by filing Massachusetts Form 14 with your return. Form 14 is available from the Massachusetts Department of Revenue.

## Material Participation

Indicate if you materially participated in the operation of this business during 2000. If you did not materially participate and have a loss from this business, see line 33 for further instructions.

## 1a Gross Receipts or Sales

In the boxes provided, enter gross receipts or sales from your business. Be sure to include on this line amounts you received in your trade or business as shown on Form 1099-MISC, Miscellaneous Income. If the nature of your business is such that you have gross or other income that interest (other than from Massachusetts banks) and dividend, exclude this income from lines 1 and 4 on Massachusetts Schedule C and include it in line 32 and in Schedule B, line 3. Examples of interest (other than from Massachusetts banks) and dividend income are interest received on loans, notes receivable or charge accounts that you accept in the ordinary course of business, and dividends on stocks received in payment for goods and services. Capital gains from the sale or exchange of assets used in your business are not reported on Schedule C. Use U.S. Form 4797 and report the amount in Form 1-NR/PY, Schedule B and/or Schedule D. You must also exclude from Schedule C any income and expenses that pertain to activities for yourself as distinguished from those performed for your customers. Such income must be reported by class of income in Schedules B and D. Personal expenses are not deductible. If you received Form W-2 and the "Statutory employee" box in item 15 of that form was checked, report your income and expenses related to that income on Schedule C. Enter your statutory employee income from box 1 of Form W-2 on line 1 of Schedule C and fill in the oval. Statutory employees include full-time life insurance agents, certain agent or commission drivers and traveling salespersons and certain homeworkers. If you had both self-employment income and statutory employee income, do not combine these amounts on a single Schedule C. In this case, you must file two Schedules C.

## 7 Bad Debts From Sales or Services

Include debts and partial debts from sales or services that were included in income and are definitely known to be worthless. If you later collect a debt that you deducted as a bad debt, include it as income in the year collected.

**Note:** Cash method taxpayers cannot take a bad debt deduction unless the amount was previously included in income.



**11 Depreciation and Section 179 Deduction**

The Section 179 expensing allowance is \$20,000 for property placed in service in tax years after 1999. Massachusetts now adopts the federal provision which requires a recovery period for the depreciation of nonresidential real property of 39 years for qualifying property placed in service on or after May 14, 1993.

**17 Pension and Profit-Sharing Plans**

Enter your deduction for contributions to a pension, profit-sharing or annuity plan, or plans for the benefit of your employees. If the plan includes you as a self-employed person, do not include contributions made as an employer on your behalf.

**22 Travel**

Enter your expenses for lodging and transportation connected with overnight travel for business while away from your tax home. Generally, your tax home is your main place of business regardless of where you maintain your family home. You cannot deduct expenses paid or incurred in connection with employment away from home if that period of employment exceeds one year. Spouse's and other family members' travel expenses are generally disallowed as a business deduction.

Do not include expenses for meals and entertainment on this line. Instead, see the instructions for lines 23a and 23b.

**23 Meals and Entertainment**

**Line 23a.** Enter your total business meal and entertainment expenses. Include meals while traveling away from home for business. Instead of the actual cost of your meals while traveling away from home, you may use the standard meal allowance. Business meal expenses are deductible only if they are (a) directly related to or associated with the conduct of your trade or business, (b) not lavish or extravagant and (c) incurred while you or your employee is present at the meal. Club dues are not allowed as a business deduction.

**Line 23b.** Generally, you may deduct only 50% of your business meal and entertainment expenses, including meals incurred while traveling away from home on business. However, you may fully deduct meals and entertainment furnished or reimbursed to an employee if you properly treat the expense as wages subject to withholding. You may also fully deduct meals and entertainment provided to a nonemployee to the extent the expenses are includible in the gross income of that person and reported on Form 1099-MISC. Figure how much of the amount on line 23a is subject to the 50% limit. Then, enter 50% of that amount on line 23b. This amount should be subtracted from the amount in line 23a. Enter the result in line 23 of Massachusetts Schedule C.

**30 Abandoned Building Renovation Deduction**

Massachusetts allows businesses to deduct 10% of the costs incurred in renovating certain buildings located in an Economic Opportunity Area (EOA). The buildings must be designated as abandoned by the Economic Assistance Coordinating Council. The renovation deduction may be taken in addition to any other deduction for which the renovation costs may qualify.

For more information, contact the Mass. Office of Business Development, 10 Park Plaza, Suite 3720, Boston, MA 02116 or call (617) 973-8600.

In line 30 enter 10% of the costs of renovating a qualifying abandoned building. Enclose a statement detailing the location and cost of renovating the qualifying abandoned building.

**33 If You Have a Loss**

Fill in the oval in line 33a if all of your investment is at risk. Enter your loss from line 31 on Form 1-NR/PY, line 8 **unless** you answered "no" to the question on material participation on the front of Schedule C. If you answered "no" to this question, complete and enclose a pro forma copy of U.S. Form 8582 that reflects only income being reported on your Massachusetts return. Enter in Massachusetts Schedule C, line 31 your allowable loss calculated on Form 8582.

Fill in the oval in line 33b if only some of your investment is at risk. To determine the amount of your allowable loss, complete and enclose a pro forma copy of U.S. Form 6198 that reflects only income being reported on your Massachusetts return. Enter the amount calculated on U.S. Form 6198 in line 31 unless you answered "no" to the question on material participation on the front of Schedule C. In this case, your loss is further limited. Use the amounts calculated on your pro forma U.S. Form 6198 to complete a pro forma U.S. Form 8582. Be sure to enclose both forms with your return. If your at-risk amount is "0" or less, enter "0" in line 31.

# Schedule R/NR Instructions

## Part 1. Income Adjustments

### Column A

Enter the amount of income reported on your federal return as modified as if it were received by a full-year Massachusetts resident. Refer to each specific line instruction for Form 1-NR/PY to determine income that should be added to or subtracted from the federal total.

### Column B

Enter the amount of income from column A that you received while a Massachusetts resident.

### Column C

Enter the amount of income from column A from both Massachusetts and non-Massachusetts sources that you received while a nonresident.

### Column D

Enter the amount of income from column C from Massachusetts sources that you received while a nonresident.

See page 9 of the instructions for a definition of Massachusetts source income.

Refer to each specific line instruction for Form 1-NR/PY to determine the income from Massachusetts sources received during your nonresident period. Also see Form 1-NR/PY, line 13 instruction for those nonresidents eligible to apportion income.

If you received income from a business/profession reported on a Schedule C, while a Massachusetts resident and from Massachusetts sources while a nonresident, you must complete a separate Massachusetts Schedule C for each period.

### Column E

Add column B and column D. This is your total income received while a Massachusetts resident and received from Massachusetts sources while a nonresident. Enter the amount from column E in each applicable line on Form 1-NR/PY (see separate instruction for Schedule D). Subtract the total of column D from column C and enter the result in line 14e of Form 1-NR/PY. This is the additional income that you received from non-Massachusetts sources that would have been reported by you if you had been a Massachusetts resident.

Add Form 1-NR/PY lines 5 through 12 and complete Form 1-NR/PY line 14 before completing the rest of this worksheet.

### Schedule D

Enter in column A the amount from Schedule D, line 8. Enter in column B the amount of income from column A that you received while a Massachusetts resident. Enter in column C the amount of income from column A from both Massachusetts and non-Massachusetts sources that you received while a nonresident. Enter the amount of income from column C from Massachusetts sources that you received while nonresident.

Subtract column D from column C and enter the result (plus any other applicable adjustments) in Schedule D, line 9. Complete Schedule D as otherwise instructed.

## Part 2. Deduction and Exemption Adjustments

**Note:** Schedule Y, line 5 is adjusted both in Sections A and B. See Schedule R/NR to determine which amounts are adjusted in Section A and Section B.

### Section A.

#### Lines 15a and 15b

The amounts reported in column A must be related to income reported in Part 1, column B. The amounts reported in column B must be related to income reported in Part 1, column D. The column C total cannot exceed \$2,000.

#### Schedule Y, line 1

The amounts reported in column A must be related to income reported in Part 1, column B. The amounts reported in column B must be related to income reported in Part 1, column D. Complete separate worksheets for columns A and B.

#### Schedule Y, line 2

The amounts reported in column A must be related to income reported in Part 1, column B or on a previous Massachusetts return. The amounts reported in column B must be related to income reported in Part 1, column D or on a previous Massachusetts return.

#### Schedule Y, line 4

The amounts reported in column A must be related to income reported in Part 1, line 5, column B. The amounts reported in column B must be related to income reported in Part 1, line 5, column D.

#### Schedule Y, line 5

The amounts reported in column A must be related to income reported in Part 1, column B. The amounts reported in column B must be related to income reported in Part 1, column D.

#### Schedule Y, line 6

The amounts reported in column A must be related to income reported in Part 1, line 6, column B. The amounts reported in column B must be related to income reported in Part 1, line 6, column D.

### Column C

Add column A and column B and enter the total in each applicable line of Form 1-NR/PY or Schedule Y.

### Section B

**Note:** You may claim only a deduction for either line 16 or line 17. Refer to the Form 1-NR/PY instructions to determine which deduction is better for you.

**Line 16**

Complete the worksheet in Form 1-NR/PY instructions through item C and enter that amount in column A. In column B enter the amount from column A that is related to your Massachusetts resident period. Subtract column B from column A and enter the result in column C. Multiply the amount from column C by Form 1-NR/PY, line 14g and enter the result in column D. Add columns B and D and enter the result in column E and Form 1-NR/PY, line 16.

**Line 17**

If you have a dependent member of your household under age 12 on 12/31/00 and you are not claiming an amount in line 16, enter \$1,200 in column A. Multiply the column A amount by Form 1-NR/PY, line 2 and enter the result in column B. Subtract the amount in column B from column A and enter the result in column C. Multiply the column C amount by Form 1-NR/PY, line 14g and enter the result in column D. Add column B and column D and enter the result in column E and in Form 1-NR/PY, line 17.

**Schedule Y, line 3**

In column A enter the total alimony paid from U.S. Form 1040, line 31a. In column B enter the amount from column A paid while you were a Massachusetts resident. Subtract the column B amount from the column A amount and enter the result in column C. Multiply the column C amount by Form 1-NR/PY, line 14g and enter the result in column D. Add column B and column D and enter the total in column E and in Form 1-NR/PY, Schedule Y, line 3.

**Schedule Y, line 5**

In column A enter the total of U.S. Form 1040, lines 24, 25 and any amount included in line 32 for clean fuel vehicle deduction. Multiply the column A amount by Form 1-NR/PY, line 2. Subtract the column B amount from the column A amount and enter the result in column C. Multiply the column C amount by Form 1-NR/PY, line 14g and enter the result in column D. Add column B and column D and enter the total in column E and in Form 1-NR/PY, Schedule Y, line 5.

**Schedule Y, line 7**

Complete the worksheet in Form 1-NR/PY instructions through item 6 and enter that amount in column A. Multiply the amount in column A by Form 1-NR/PY, line 2 and enter the result in column B. Subtract the amount in column B from column A and enter the result in column C. Multiply the column C amount by Form 1-NR/PY, line 14g and enter the result in column D. Add column B and column D and enter the result in column E and in Schedule Y, line 7.

**Line 22**

In column A enter the amount from Form 1-NR/PY, line 4f. Multiply the column A amount by Form 1-NR/PY, line 2 and

enter the result in column B. Subtract the amount in column B from column A and enter the result in column C. Multiply the column C amount by Form 1-NR/PY, line 14g and enter the result in column D. Add column B and column D and enter the result in column E and in Form 1-NR/PY, line 22.

## **Part 3. Earned Income Credit Adjustments**

### **Column A**

Enter in column A the earned income credit amount from your U.S. Form 1040, line 60a; Form 1040A, line 38a; Form 1040EZ, line 8a; or U.S. Telefile Tax Record, item L. Also enter this amount in Form 1-NR/PY, line 39a. If you choose to have the IRS compute your federal earned income credit, wait until the IRS notifies you of your federal earned income credit amount before entering an amount in column A. If you have not received your earned income credit amount as computed by the IRS by April 17, 2001, you may file Massachusetts Form M-4868, Application for Automatic Six-Month Extension of Time to File Massachusetts Income Tax Return.

**Column B**

Multiply the amount in column A by .10 (10%) and enter the result in column B.

**Column C**

Multiply the amount in column B by Form 1-NR/PY, line 2 and enter the result in column C.

**Column D**

Subtract col. C from col. B and enter the result in col. D.

**Column E**

Multiply the amount in column D by Form 1-NR/PY, line 14g and enter the result in column E.

**Column F**

Add column C and column E and enter the result in column F and in Form 1-NR/PY, line 39.

**Completing Form 1-NR/PY**

After entering the amounts from this worksheet in the applicable lines of Form 1-NR/PY, complete Form 1-NR/PY, lines 26 through 45.

**Note:** In Form 1-NR/PY, line 36, only enter amounts listed as Massachusetts withholding.

**Schedule NTS-L-NR/PY**

If completing Schedule NTS-L-NR/PY, enter the amount from Form 1-NR/PY line 14e in line 7 of Schedule NTS-L-NR/PY.

**Schedule F**

You may only claim a Credit for Income Taxes Paid to Another State or Jurisdictions on income received while a Massachusetts resident. Complete Schedule F based on income received during your Massachusetts resident period only.

# 2000 Massachusetts Income Tax Table at the 5.85% Rate

Use this table to calculate tax for taxable 5.85% income (line 23c) of not more than \$80,000.

**Line 24 Instructions:** To find your **Tax on 5.85% Income** (line 24), read down the tax table income column to the line containing the amount you entered in line 23c. Then read across to the **TAX** column and enter this amount in line 24. If your taxable 5.85% income in line 23c is greater than \$80,000, multiply the amount by .0585. Enter the result in line 24.

INCOME				INCOME				INCOME				INCOME				INCOME				INCOME												
More than		But not more than		TAX		More than		But not more than		TAX		More than		But not more than		TAX		More than		But not more than		TAX										
\$	1 – \$	50	\$	1		\$	4,000 – \$	4,050	\$	235		\$	8,000 – \$	8,050	\$	469		\$12,000 – \$	12,050	\$	703		\$16,000 – \$	16,050	\$	937		\$20,000 – \$	20,050	\$1,171		
	50 –	100		4			4,050 –	4,100		238			8,050 –	8,100		472			12,050 –	12,100		706			16,050 –	16,100		940		20,050 –	20,100	1,174
	100 –	150		7			4,100 –	4,150		241			8,100 –	8,150		475			12,100 –	12,150		709			16,100 –	16,150		943		20,100 –	20,150	1,177
	150 –	200		10			4,150 –	4,200		244			8,150 –	8,200		478			12,150 –	12,200		712			16,150 –	16,200		946		20,150 –	20,200	1,180
	200 –	250		13			4,200 –	4,250		247			8,200 –	8,250		481			12,200 –	12,250		715			16,200 –	16,250		949		20,200 –	20,250	1,183
	250 –	300		16			4,250 –	4,300		250			8,250 –	8,300		484			12,250 –	12,300		718			16,250 –	16,300		952		20,250 –	20,300	1,186
	300 –	350		19			4,300 –	4,350		253			8,300 –	8,350		487			12,300 –	12,350		721			16,300 –	16,350		955		20,300 –	20,350	1,189
	350 –	400		22			4,350 –	4,400		256			8,350 –	8,400		490			12,350 –	12,400		724			16,350 –	16,400		958		20,350 –	20,400	1,192
	400 –	450		25			4,400 –	4,450		259			8,400 –	8,450		493			12,400 –	12,450		727			16,400 –	16,450		961		20,400 –	20,450	1,195
	450 –	500		28			4,450 –	4,500		262			8,450 –	8,500		496			12,450 –	12,500		730			16,450 –	16,500		964		20,450 –	20,500	1,198
	500 –	550		31			4,500 –	4,550		265			8,500 –	8,550		499			12,500 –	12,550		733			16,500 –	16,550		967		20,500 –	20,550	1,201
	550 –	600		34			4,550 –	4,600		268			8,550 –	8,600		502			12,550 –	12,600		736			16,550 –	16,600		970		20,550 –	20,600	1,204
	600 –	650		37			4,600 –	4,650		271			8,600 –	8,650		505			12,600 –	12,650		739			16,600 –	16,650		973		20,600 –	20,650	1,207
	650 –	700		39			4,650 –	4,700		273			8,650 –	8,700		507			12,650 –	12,700		741			16,650 –	16,700		975		20,650 –	20,700	1,209
	700 –	750		42			4,700 –	4,750		276			8,700 –	8,750		510			12,700 –	12,750		744			16,700 –	16,750		978		20,700 –	20,750	1,212
	750 –	800		45			4,750 –	4,800		279			8,750 –	8,800		513			12,750 –	12,800		747			16,750 –	16,800		981		20,750 –	20,800	1,215
	800 –	850		48			4,800 –	4,850		282			8,800 –	8,850		516			12,800 –	12,850		750			16,800 –	16,850		984		20,800 –	20,850	1,218
	850 –	900		51			4,850 –	4,900		285			8,850 –	8,900		519			12,850 –	12,900		753			16,850 –	16,900		987		20,850 –	20,900	1,221
	900 –	950		54			4,900 –	4,950		288			8,900 –	8,950		522			12,900 –	12,950		756			16,900 –	16,950		990		20,900 –	20,950	1,224
	950 –	1,000		57			4,950 –	5,000		291			8,950 –	9,000		525			12,950 –	13,000		759			16,950 –	17,000		993		20,950 –	21,000	1,227
	1,000 –	1,050		60			5,000 –	5,050		294			9,000 –	9,050		528			13,000 –	13,050		762			17,000 –	17,050		996		21,000 –	21,050	1,230
	1,050 –	1,100		63			5,050 –	5,100		297			9,050 –	9,100		531			13,050 –	13,100		765			17,050 –	17,100		999		21,050 –	21,100	1,233
	1,100 –	1,150		66			5,100 –	5,150		300			9,100 –	9,150		534			13,100 –	13,150		768			17,100 –	17,150		1,002		21,100 –	21,150	1,236
	1,150 –	1,200		69			5,150 –	5,200		303			9,150 –	9,200		537			13,150 –	13,200		771			17,150 –	17,200		1,005		21,150 –	21,200	1,239
	1,200 –	1,250		72			5,200 –	5,250		306			9,200 –	9,250		540			13,200 –	13,250		774			17,200 –	17,250		1,008		21,200 –	21,250	1,242
	1,250 –	1,300		75			5,250 –	5,300		309			9,250 –	9,300		543			13,250 –	13,300		777			17,250 –	17,300		1,011		21,250 –	21,300	1,245
	1,300 –	1,350		78			5,300 –	5,350		312			9,300 –	9,350		546			13,300 –	13,350		780			17,300 –	17,350		1,014		21,300 –	21,350	1,248
	1,350 –	1,400		80			5,350 –	5,400		314			9,350 –	9,400		548			13,350 –	13,400		782			17,350 –	17,400		1,016		21,350 –	21,400	1,250
	1,400 –	1,450		83			5,400 –	5,450		317			9,400 –	9,450		551			13,400 –	13,450		785			17,400 –	17,450		1,019		21,400 –	21,450	1,253
	1,450 –	1,500		86			5,450 –	5,500		320			9,450 –	9,500		554			13,450 –	13,500		788			17,450 –	17,500		1,022		21,450 –	21,500	1,256
	1,500 –	1,550		89			5,500 –	5,550		323			9,500 –	9,550		557			13,500 –	13,550		791			17,500 –	17,550		1,025		21,500 –	21,550	1,259
	1,550 –	1,600		92			5,550 –	5,600		326			9,550 –	9,600		560			13,550 –	13,600		794			17,550 –	17,600		1,028		21,550 –	21,600	1,262
	1,600 –	1,650		95			5,600 –	5,650		329			9,600 –	9,650		563			13,600 –	13,650		797			17,600 –	17,650		1,031		21,600 –	21,650	1,265
	1,650 –	1,700		98			5,650 –	5,700		332			9,650 –	9,700		566			13,650 –	13,700		800			17,650 –	17,700		1,034		21,650 –	21,700	1,268
	1,700 –	1,750		101			5,700 –	5,750		335			9,700 –	9,750		569			13,700 –	13,750		803			17,700 –	17,750		1,037		21,700 –	21,750	1,271
	1,750 –	1,800		104			5,750 –	5,800		338			9,750 –	9,800		572			13,750 –	13,800		806			17,750 –	17,800		1,040		21,750 –	21,800	1,274
	1,800 –	1,850		107			5,800 –	5,850		341			9,800 –	9,850		575			13,800 –	13,850		809			17,800 –	17,850		1,043		21,800 –	21,850	1,277
	1,850 –	1,900		110			5,850 –	5,900		344			9,850 –	9,900		578			13,850 –	13,900		812			17,850 –	17,900		1,046		21,850 –	21,900	1,280
	1,900 –	1,950		113			5,900 –	5,950		347			9,900 –	9,950		581			13,900 –	13,950		815			17,900 –	17,950		1,049		21,900 –	21,950	1,283
	1,950 –	2,000		116			5,950 –	6,000		350			9,950 –	10,000		584			13,950 –	14,000		818			17,950 –	18,000		1,052		21,950 –	22,000	1,286
	2,000 –	2,050		118			6,000 –	6,050		352			10,000 –	10,050		586			14,000 –	14,050		820			18,000 –	18,050		1,054				



# 2000 Massachusetts Income Tax Table at the 5.85% Rate

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INCOME			INCOME			INCOME			INCOME			INCOME			INCOME		
More than	But not more than	TAX	More than	But not more than	TAX	More than	But not more than	TAX	More than	But not more than	TAX	More than	But not more than	TAX	More than	But not more than	TAX
\$24,000 – \$24,050		\$1,405	\$28,750 – \$28,800		\$1,683	\$33,500 – \$33,550		\$1,961	\$38,250 – \$38,300		\$2,239	\$43,000 – \$43,050		\$2,517	\$47,750 – \$47,800		\$2,795
24,050 – 24,100		1,408	28,800 – 28,850		1,686	33,550 – 33,600		1,964	38,300 – 38,350		2,242	43,050 – 43,100		2,520	47,800 – 47,850		2,798
24,100 – 24,150		1,411	28,850 – 28,900		1,689	33,600 – 33,650		1,967	38,350 – 38,400		2,245	43,100 – 43,150		2,523	47,850 – 47,900		2,801
24,150 – 24,200		1,414	28,900 – 28,950		1,692	33,650 – 33,700		1,970	38,400 – 38,450		2,248	43,150 – 43,200		2,526	47,900 – 47,950		2,804
24,200 – 24,250		1,417	28,950 – 29,000		1,695	33,700 – 33,750		1,973	38,450 – 38,500		2,251	43,200 – 43,250		2,529	47,950 – 48,000		2,807
24,250 – 24,300		1,420	29,000 – 29,050		1,698	33,750 – 33,800		1,976	38,500 – 38,550		2,254	43,250 – 43,300		2,532	48,000 – 48,050		2,810
24,300 – 24,350		1,423	29,050 – 29,100		1,701	33,800 – 33,850		1,979	38,550 – 38,600		2,257	43,300 – 43,350		2,535	48,050 – 48,100		2,813
24,350 – 24,400		1,426	29,100 – 29,150		1,704	33,850 – 33,900		1,982	38,600 – 38,650		2,260	43,350 – 43,400		2,537	48,100 – 48,150		2,815
24,400 – 24,450		1,429	29,150 – 29,200		1,707	33,900 – 33,950		1,985	38,650 – 38,700		2,262	43,400 – 43,450		2,540	48,150 – 48,200		2,818
24,450 – 24,500		1,432	29,200 – 29,250		1,710	33,950 – 34,000		1,988	38,700 – 38,750		2,265	43,450 – 43,500		2,543	48,200 – 48,250		2,821
24,500 – 24,550		1,435	29,250 – 29,300		1,713	34,000 – 34,050		1,990	38,750 – 38,800		2,268	43,500 – 43,550		2,546	48,250 – 48,300		2,824
24,550 – 24,600		1,438	29,300 – 29,350		1,716	34,050 – 34,100		1,993	38,800 – 38,850		2,271	43,550 – 43,600		2,549	48,300 – 48,350		2,827
24,600 – 24,650		1,441	29,350 – 29,400		1,718	34,100 – 34,150		1,996	38,850 – 38,900		2,274	43,600 – 43,650		2,552	48,350 – 48,400		2,830
24,650 – 24,700		1,443	29,400 – 29,450		1,721	34,150 – 34,200		1,999	38,900 – 38,950		2,277	43,650 – 43,700		2,555	48,400 – 48,450		2,833
24,700 – 24,750		1,446	29,450 – 29,500		1,724	34,200 – 34,250		2,002	38,950 – 39,000		2,280	43,700 – 43,750		2,558	48,450 – 48,500		2,836
24,750 – 24,800		1,449	29,500 – 29,550		1,727	34,250 – 34,300		2,005	39,000 – 39,050		2,283	43,750 – 43,800		2,561	48,500 – 48,550		2,839
24,800 – 24,850		1,452	29,550 – 29,600		1,730	34,300 – 34,350		2,008	39,050 – 39,100		2,286	43,800 – 43,850		2,564	48,550 – 48,600		2,842
24,850 – 24,900		1,455	29,600 – 29,650		1,733	34,350 – 34,400		2,011	39,100 – 39,150		2,289	43,850 – 43,900		2,567	48,600 – 48,650		2,845
24,900 – 24,950		1,458	29,650 – 29,700		1,736	34,400 – 34,450		2,014	39,150 – 39,200		2,292	43,900 – 43,950		2,570	48,650 – 48,700		2,847
24,950 – 25,000		1,461	29,700 – 29,750		1,739	34,450 – 34,500		2,017	39,200 – 39,250		2,295	43,950 – 44,000		2,573	48,700 – 48,750		2,850
25,000 – 25,050		1,464	29,750 – 29,800		1,742	34,500 – 34,550		2,020	39,250 – 39,300		2,298	44,000 – 44,050		2,575	48,750 – 48,800		2,853
25,050 – 25,100		1,467	29,800 – 29,850		1,745	34,550 – 34,600		2,023	39,300 – 39,350		2,301	44,050 – 44,100		2,578	48,800 – 48,850		2,856
25,100 – 25,150		1,470	29,850 – 29,900		1,748	34,600 – 34,650		2,026	39,350 – 39,400		2,303	44,100 – 44,150		2,581	48,850 – 48,900		2,859
25,150 – 25,200		1,473	29,900 – 29,950		1,751	34,650 – 34,700		2,028	39,400 – 39,450		2,306	44,150 – 44,200		2,584	48,900 – 48,950		2,862
25,200 – 25,250		1,476	29,950 – 30,000		1,754	34,700 – 34,750		2,031	39,450 – 39,500		2,309	44,200 – 44,250		2,587	48,950 – 49,000		2,865
25,250 – 25,300		1,479	30,000 – 30,050		1,756	34,750 – 34,800		2,034	39,500 – 39,550		2,312	44,250 – 44,300		2,590	49,000 – 49,050		2,868
25,300 – 25,350		1,482	30,050 – 30,100		1,759	34,800 – 34,850		2,037	39,550 – 39,600		2,315	44,300 – 44,350		2,593	49,050 – 49,100		2,871
25,350 – 25,400		1,484	30,100 – 30,150		1,762	34,850 – 34,900		2,040	39,600 – 39,650		2,318	44,350 – 44,400		2,596	49,100 – 49,150		2,874
25,400 – 25,450		1,487	30,150 – 30,200		1,765	34,900 – 34,950		2,043	39,650 – 39,700		2,321	44,400 – 44,450		2,599	49,150 – 49,200		2,877
25,450 – 25,500		1,490	30,200 – 30,250		1,768	34,950 – 35,000		2,046	39,700 – 39,750		2,324	44,450 – 44,500		2,602	49,200 – 49,250		2,880
25,500 – 25,550		1,493	30,250 – 30,300		1,771	35,000 – 35,050		2,049	39,750 – 39,800		2,327	44,500 – 44,550		2,605	49,250 – 49,300		2,883
25,550 – 25,600		1,496	30,300 – 30,350		1,774	35,050 – 35,100		2,052	39,800 – 39,850		2,330	44,550 – 44,600		2,608	49,300 – 49,350		2,886
25,600 – 25,650		1,499	30,350 – 30,400		1,777	35,100 – 35,150		2,055	39,850 – 39,900		2,333	44,600 – 44,650		2,611	49,350 – 49,400		2,888
25,650 – 25,700		1,502	30,400 – 30,450		1,780	35,150 – 35,200		2,058	39,900 – 39,950		2,336	44,650 – 44,700		2,613	49,400 – 49,450		2,891
25,700 – 25,750		1,505	30,450 – 30,500		1,783	35,200 – 35,250		2,061	39,950 – 40,000		2,339	44,700 – 44,750		2,616	49,450 – 49,500		2,894
25,750 – 25,800		1,508	30,500 – 30,550		1,786	35,250 – 35,300		2,064	40,000 – 40,050		2,341	44,750 – 44,800		2,619	49,500 – 49,550		2,897
25,800 – 25,850		1,511	30,550 – 30,600		1,789	35,300 – 35,350		2,067	40,050 – 40,100		2,344	44,800 – 44,850		2,622	49,550 – 49,600		2,900
25,850 – 25,900		1,514	30,600 – 30,650		1,792	35,350 – 35,400		2,069	40,100 – 40,150		2,347	44,850 – 44,900		2,625	49,600 – 49,650		2,903
25,900 – 25,950		1,517	30,650 – 30,700		1,794	35,400 – 35,450		2,072	40,150 – 40,200		2,350	44,900 – 44,950		2,628	49,650 – 49,700		2,906
25,950 – 26,000		1,520	30,700 – 30,750		1,797	35,450 – 35,500		2,075	40,200 – 40,250		2,353	44,950 – 45,000		2,631	49,700 – 49,750		2,909
26,000 – 26,050		1,522	30,750 – 30,800		1,800	35,500 – 35,550		2,078	40,250 – 40,300		2,356	45,000 – 45,050		2,634	49,750 – 49,800		2,912
26,050 – 26,100		1,525	30,800 – 30,850		1,803	35,550 – 35,600		2,081	40,300 – 40,350		2,359	45,050 – 45,100		2,637	49,800 – 49,850		2,915
26,100 – 26,150		1,528	30,850 – 30,900		1,806	35,600 – 35,650		2,084	40,350 – 40,400		2,362	45,100 – 45,150		2,640	49,850 – 49,900		2,918
26,150 – 26,200		1,531	30,900 – 30,950		1,809	35,650 – 35,700		2,087	40,400 – 40,450		2,365	45,150 – 45,200		2,643	49,900 – 49,950		2,921
26,200 – 26,250		1,534	30,950 – 31,000		1,812	35,700 – 35,750		2,090	40,450 – 40,500		2,368	45,200 – 45,250		2,646	49,950 – 50,000		2,924
26,250 – 26,300		1,537	31,000 – 31,050		1,815	35,750 – 35,800		2,093	40,500 – 40,550		2,371	45,250 – 45,300		2,649	50,000 – 50,050		2,926
26,300 – 26,350		1,540	31,050 – 31,100		1,818	35,800 – 35,850		2,096	40,550 – 40,600		2,374	45,300 – 45,350		2,652	50,050 – 50,100		2,929
26,350 – 26,400		1,543	31,100 – 31,150		1,821	35,850 – 35,900		2,099	40,600 – 40,650		2,377	45,350 – 45,400		2,655	50,100 – 50,150		2,932
26,400 – 26,450		1,546	31,150 – 31,200		1,824	35,900 – 35,950		2,102	40,650 – 40,700		2,379	45,400 – 45,450		2,657	50,150 – 50,200		2,935
26,450 – 26,500		1,549	31,200 – 31,250		1,827	35,950 – 36,000		2,105	40,700 – 40,750		2,382	45,450 – 45,500		2,660	50,200 – 50,250		2,938
26,500 – 26,550		1,552	31,250 – 31,300		1,830	36,000 – 36,050		2,107	40,750 – 40,800		2,385	45,500 – 45,550		2,663	50,250 – 50,300		2,941
26,550 – 26,600		1,555	31,300 – 31,350		1,833	36,050 – 36,100		2,110	40,800 – 40,850		2,388	45,550 – 45,600		2,666	50,300 – 50,350		2,944
26,600 – 26,650		1,558	31,350 – 31,400		1,835	36,100 – 36,150		2,113	40,850 – 40,900		2,391	45,600 – 45,650		2,669	50,350 – 50,400		2,947
26,650 – 26,700		1,560	31,400 – 31,450		1,838	36,150 – 36,200		2,116	40,900 – 40,950		2,394	45,650 – 45,700		2,672	50,400 – 50,450		2,950
26,700 – 26,750		1,563	31,450 – 31,500		1,841	36,200 – 36,250		2,119	40,950 – 41,000		2,397	45,700 – 45,750		2,675	50,450 – 50,500		2,953
26,750 – 26,800		1,566	31,500 – 31,550		1,844	36,250 – 36,300		2,122	41,000 – 41,050		2,400	45,750 – 45,800		2,678	50,500 – 50,550		2,956
26,800 – 26,850		1,569	31,550 – 31,600		1,847	36,300 – 36,350		2,125	41,050 – 41,100		2,403	45,800 – 45,850		2,681	50,550 – 50,600		2,959
26,850 – 26,900		1,572	31,600 – 31,650		1,850	36,350 – 36,400		2,128	41,100 – 41,150		2,406	45,850 – 45,900		2,684	50,600 – 50,650		2,962
26,900 – 26,950		1,575	31,650 – 31,700		1,853	36,400 – 36,450		2,131	41,150 – 41,200		2,409	45,900 – 45,					

# 2000 Massachusetts Income Tax Table at the 5.85% Rate

INCOME			INCOME			INCOME			INCOME			INCOME			INCOME		
More than	But not more than	TAX	More than	But not more than	TAX	More than	But not more than	TAX	More than	But not more than	TAX	More than	But not more than	TAX	More than	But not more than	TAX
\$52,500	\$52,550	\$3,073	\$57,250	\$57,300	\$3,351	\$62,000	\$62,050	\$3,628	\$66,750	\$66,800	\$3,906	\$71,500	\$71,550	\$4,184	\$76,250	\$76,300	\$4,462
52,550	52,600	3,076	57,300	57,350	3,354	62,050	62,100	3,631	66,800	66,850	3,909	71,550	71,600	4,187	76,300	76,350	4,465
52,600	52,650	3,079	57,350	57,400	3,356	62,100	62,150	3,634	66,850	66,900	3,912	71,600	71,650	4,190	76,350	76,400	4,468
52,650	52,700	3,081	57,400	57,450	3,359	62,150	62,200	3,637	66,900	66,950	3,915	71,650	71,700	4,193	76,400	76,450	4,471
52,700	52,750	3,084	57,450	57,500	3,362	62,200	62,250	3,640	66,950	67,000	3,918	71,700	71,750	4,196	76,450	76,500	4,474
52,750	52,800	3,087	57,500	57,550	3,365	62,250	62,300	3,643	67,000	67,050	3,921	71,750	71,800	4,199	76,500	76,550	4,477
52,800	52,850	3,090	57,550	57,600	3,368	62,300	62,350	3,646	67,050	67,100	3,924	71,800	71,850	4,202	76,550	76,600	4,480
52,850	52,900	3,093	57,600	57,650	3,371	62,350	62,400	3,649	67,100	67,150	3,927	71,850	71,900	4,205	76,600	76,650	4,483
52,900	52,950	3,096	57,650	57,700	3,374	62,400	62,450	3,652	67,150	67,200	3,930	71,900	71,950	4,208	76,650	76,700	4,485
52,950	53,000	3,099	57,700	57,750	3,377	62,450	62,500	3,655	67,200	67,250	3,933	71,950	72,000	4,211	76,700	76,750	4,488
53,000	53,050	3,102	57,750	57,800	3,380	62,500	62,550	3,658	67,250	67,300	3,936	72,000	72,050	4,213	76,750	76,800	4,491
53,050	53,100	3,105	57,800	57,850	3,383	62,550	62,600	3,661	67,300	67,350	3,939	72,050	72,100	4,216	76,800	76,850	4,494
53,100	53,150	3,108	57,850	57,900	3,386	62,600	62,650	3,664	67,350	67,400	3,941	72,100	72,150	4,219	76,850	76,900	4,497
53,150	53,200	3,111	57,900	57,950	3,389	62,650	62,700	3,666	67,400	67,450	3,944	72,150	72,200	4,222	76,900	76,950	4,500
53,200	53,250	3,114	57,950	58,000	3,392	62,700	62,750	3,669	67,450	67,500	3,947	72,200	72,250	4,225	76,950	77,000	4,503
53,250	53,300	3,117	58,000	58,050	3,394	62,750	62,800	3,672	67,500	67,550	3,950	72,250	72,300	4,228	77,000	77,050	4,506
53,300	53,350	3,120	58,050	58,100	3,397	62,800	62,850	3,675	67,550	67,600	3,953	72,300	72,350	4,231	77,050	77,100	4,509
53,350	53,400	3,122	58,100	58,150	3,400	62,850	62,900	3,678	67,600	67,650	3,956	72,350	72,400	4,234	77,100	77,150	4,512
53,400	53,450	3,125	58,150	58,200	3,403	62,900	62,950	3,681	67,650	67,700	3,959	72,400	72,450	4,237	77,150	77,200	4,515
53,450	53,500	3,128	58,200	58,250	3,406	62,950	63,000	3,684	67,700	67,750	3,962	72,450	72,500	4,240	77,200	77,250	4,518
53,500	53,550	3,131	58,250	58,300	3,409	63,000	63,050	3,687	67,750	67,800	3,965	72,500	72,550	4,243	77,250	77,300	4,521
53,550	53,600	3,134	58,300	58,350	3,412	63,050	63,100	3,690	67,800	67,850	3,968	72,550	72,600	4,246	77,300	77,350	4,524
53,600	53,650	3,137	58,350	58,400	3,415	63,100	63,150	3,693	67,850	67,900	3,971	72,600	72,650	4,249	77,350	77,400	4,526
53,650	53,700	3,140	58,400	58,450	3,418	63,150	63,200	3,696	67,900	67,950	3,974	72,650	72,700	4,251	77,400	77,450	4,529
53,700	53,750	3,143	58,450	58,500	3,421	63,200	63,250	3,699	67,950	68,000	3,977	72,700	72,750	4,254	77,450	77,500	4,532
53,750	53,800	3,146	58,500	58,550	3,424	63,250	63,300	3,702	68,000	68,050	3,979	72,750	72,800	4,257	77,500	77,550	4,535
53,800	53,850	3,149	58,550	58,600	3,427	63,300	63,350	3,705	68,050	68,100	3,982	72,800	72,850	4,260	77,550	77,600	4,538
53,850	53,900	3,152	58,600	58,650	3,430	63,350	63,400	3,707	68,100	68,150	3,985	72,850	72,900	4,263	77,600	77,650	4,541
53,900	53,950	3,155	58,650	58,700	3,432	63,400	63,450	3,710	68,150	68,200	3,988	72,900	72,950	4,266	77,650	77,700	4,544
53,950	54,000	3,158	58,700	58,750	3,435	63,450	63,500	3,713	68,200	68,250	3,991	72,950	73,000	4,269	77,700	77,750	4,547
54,000	54,050	3,160	58,750	58,800	3,438	63,500	63,550	3,716	68,250	68,300	3,994	73,000	73,050	4,272	77,750	77,800	4,550
54,050	54,100	3,163	58,800	58,850	3,441	63,550	63,600	3,719	68,300	68,350	3,997	73,050	73,100	4,275	77,800	77,850	4,553
54,100	54,150	3,166	58,850	58,900	3,444	63,600	63,650	3,722	68,350	68,400	4,000	73,100	73,150	4,278	77,850	77,900	4,556
54,150	54,200	3,169	58,900	58,950	3,447	63,650	63,700	3,725	68,400	68,450	4,003	73,150	73,200	4,281	77,900	77,950	4,559
54,200	54,250	3,172	58,950	59,000	3,450	63,700	63,750	3,728	68,450	68,500	4,006	73,200	73,250	4,284	77,950	78,000	4,562
54,250	54,300	3,175	59,000	59,050	3,453	63,750	63,800	3,731	68,500	68,550	4,009	73,250	73,300	4,287	78,000	78,050	4,564
54,300	54,350	3,178	59,050	59,100	3,456	63,800	63,850	3,734	68,550	68,600	4,012	73,300	73,350	4,290	78,050	78,100	4,567
54,350	54,400	3,181	59,100	59,150	3,459	63,850	63,900	3,737	68,600	68,650	4,015	73,350	73,400	4,292	78,100	78,150	4,570
54,400	54,450	3,184	59,150	59,200	3,462	63,900	63,950	3,740	68,650	68,700	4,017	73,400	73,450	4,295	78,150	78,200	4,573
54,450	54,500	3,187	59,200	59,250	3,465	63,950	64,000	3,743	68,700	68,750	4,020	73,450	73,500	4,298	78,200	78,250	4,576
54,500	54,550	3,190	59,250	59,300	3,468	64,000	64,050	3,745	68,750	68,800	4,023	73,500	73,550	4,301	78,250	78,300	4,579
54,550	54,600	3,193	59,300	59,350	3,471	64,050	64,100	3,748	68,800	68,850	4,026	73,550	73,600	4,304	78,300	78,350	4,582
54,600	54,650	3,196	59,350	59,400	3,473	64,100	64,150	3,751	68,850	68,900	4,029	73,600	73,650	4,307	78,350	78,400	4,585
54,650	54,700	3,198	59,400	59,450	3,476	64,150	64,200	3,754	68,900	68,950	4,032	73,650	73,700	4,310	78,400	78,450	4,588
54,700	54,750	3,201	59,450	59,500	3,479	64,200	64,250	3,757	68,950	69,000	4,035	73,700	73,750	4,313	78,450	78,500	4,591
54,750	54,800	3,204	59,500	59,550	3,482	64,250	64,300	3,760	69,000	69,050	4,038	73,750	73,800	4,316	78,500	78,550	4,594
54,800	54,850	3,207	59,550	59,600	3,485	64,300	64,350	3,763	69,050	69,100	4,041	73,800	73,850	4,319	78,550	78,600	4,597
54,850	54,900	3,210	59,600	59,650	3,488	64,350	64,400	3,766	69,100	69,150	4,044	73,850	73,900	4,322	78,600	78,650	4,600
54,900	54,950	3,213	59,650	59,700	3,491	64,400	64,450	3,769	69,150	69,200	4,047	73,900	73,950	4,325	78,650	78,700	4,602
54,950	55,000	3,216	59,700	59,750	3,494	64,450	64,500	3,772	69,200	69,250	4,050	73,950	74,000	4,328	78,700	78,750	4,605
55,000	55,050	3,219	59,750	59,800	3,497	64,500	64,550	3,775	69,250	69,300	4,053	74,000	74,050	4,330	78,750	78,800	4,608
55,050	55,100	3,222	59,800	59,850	3,500	64,550	64,600	3,778	69,300	69,350	4,056	74,050	74,100	4,333	78,800	78,850	4,611
55,100	55,150	3,225	59,850	59,900	3,503	64,600	64,650	3,781	69,350	69,400	4,058	74,100	74,150	4,336	78,850	78,900	4,614
55,150	55,200	3,228	59,900	59,950	3,506	64,650	64,700	3,783	69,400	69,450	4,061	74,150	74,200	4,339	78,900	78,950	4,617
55,200	55,250	3,231	59,950	60,000	3,509	64,700	64,750	3,786	69,450	69,500	4,064	74,200	74,250	4,342	78,950	79,000	4,620
55,250	55,300	3,234	60,000	60,050	3,511	64,750	64,800	3,789	69,500	69,550	4,067	74,250	74,300	4,345	79,000	79,050	4,623
55,300	55,350	3,237	60,050	60,100	3,514	64,800	64,850	3,792	69,550	69,600	4,070	74,300	74,350	4,348	79,050	79,100	4,626
55,350	55,400	3,239	60,100	60,150	3,517	64,850	64,900	3,795	69,600	69,650	4,073	74,350	74,400	4,351	79,100	79,150	4,629
55,400	55,450	3,242	60,150	60,200	3,520	64,900	64,950	3,798	69,650	69,700	4,076	74,400	74,450	4,354	79,150	79,200	4,632
55,450	55,500	3,245	60,200	60,250	3,523	64,950	65,000	3,801	69,700	69,750	4,079	74,450	74,500	4,357	79,200	79,250	4,635
55,500	55,550	3,248	60,250	60,300	3,526	65,000	65,050	3,804	69,750								

# Department of Revenue Resources

## DOR Locations in Massachusetts

19 Staniford Street

**Boston** 02204

(617) 887-MDOR

218 South Main Street

**Fall River** 02721

(508) 678-2844

1019 Iyanough Road

**Hyannis** 02601

(508) 771-2414

333 East Street

**Pittsfield** 01201

(413) 499-2206

436 Dwight Street

**Springfield** 01103

(413) 784-1000

40 Southbridge Street

**Worcester** 01608

(508) 792-7300

## DOR Locations throughout the Country

1355 Peachtree Street NE

Suite 1280

**Atlanta, GA** 30309

(404) 874-2922

101 South First Street, 4th floor

**Burbank, CA** 91502

(818) 840-9059

150 North Michigan Avenue

Suite 2035

**Chicago, IL** 60601

(312) 899-9040

2603 Augusta Drive, Suite 1075

**Houston, TX** 77057

(713) 784-7225

1440 Broadway, 22nd floor

**New York, NY** 10018

(212) 768-2750

355 Fifth Avenue, Suite 1400

**Pittsburgh, PA** 15222

(412) 281-2776

## What kind of help is available

The instructions in the Department of Revenue's tax forms should provide answers to most taxpayer questions. If you have questions about completing your Massachusetts tax form, you can call or visit any of the Department of Revenue offices listed on this page Monday through Friday, between 8:45 a.m. and 5:00 p.m. Taxpayers also can call TaxTalk, the Department's automated system of recorded tax help, available during non-business hours, at the main information lines listed below. In addition, DOR issues a number of useful publications on various state tax issues. These publications include: tax-specific guides written in question and answer format such as the *Guide to Filing Your 2000 Massachusetts Income Taxes*; a quarterly newsletter, the *Taxpayer Advisory Bulletin*, with updates on legislative, legal and Departmental decisions; and public written statements, such as Regulations, Technical Information Releases (TIRs), Directives and Letter Rulings.

## Where to get forms and publications



During the income tax filing season, you can pick up Massachusetts personal income tax forms in many convenient locations, including post offices, libraries, and major city or town halls; any DOR office listed on this page; or IRS district offices across the state.



To obtain Massachusetts forms and publications by phone, call the Department's main information lines at (617) 887-MDOR or toll-free in Massachusetts at 1-800-392-6089. Please note that many forms and publications are available 24 hours a day by calling the Department's automated forms request system at the numbers listed above.



Many Massachusetts tax forms and publications are also available via the DOR website. The address for the Department's website is [www.massdor.com](http://www.massdor.com)



Certain forms and publications can be obtained through DOR's Fax on Demand system. For a complete Fax on Demand menu, please call (617) 887-1900 using the handset and the keypad on your fax machine.

## For general tax information

**Please call (617) 887-MDOR or toll-free in Massachusetts 1-800-392-6089 for assistance with the following:**

- |                         |                           |                         |
|-------------------------|---------------------------|-------------------------|
| ▀ abatements            | ▀ corporate trusts        | ▀ partnerships          |
| ▀ bills and payments    | ▀ estate taxes            | ▀ personal income taxes |
| ▀ business registration | ▀ estimated taxes         | ▀ refunds               |
| ▀ business taxes        | ▀ fiduciary taxes         | ▀ withholding           |
| ▀ corporate excise      | ▀ nonresident information |                         |

## Extended telephone service hours

If you have personal income tax questions or need assistance completing your return, extended telephone service is available at (617) 887-MDOR or toll-free in Massachusetts at 1-800-392-6089. From January 15 through April 17, 2001, these extended hours will be: Monday through Thursday, 5–7 p.m.; Saturday, 9 a.m.–1 p.m.; and Sunday, 10 a.m.–2 p.m.

## For help in one of the following specific areas

- |  |  |
|--|--|
| ▀ Certificates of Good Standing (617) 887-6550 | ▀ Installment sales (617) 887-6950       |
| ▀ Teletype (TTY) (617) 887-6140                | ▀ Small Business Workshop (617) 887-6400 |
- ▀ Vision-impaired taxpayers can contact any DOR office listed on this page to receive assistance.
- ▀ Upon request, this publication is available in an alternative format. Please send your request to: Office of Affirmative Action, PO Box 9488, Boston, MA 02205-9488 or call (617) 626-3410.



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**Massachusetts**

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**Department of**

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**Revenue**

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PO Box 7011

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Boston, MA 02204

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## Dear Taxpayer,

There's no dispute that electronic filing — "E-filing" — is the fastest and most accurate way to file your state personal income tax return. As part of our continuing effort to utilize technology to improve service to taxpayers, the Massachusetts Department of Revenue (DOR) this year is offering four ways to E-file your tax return:

- by touch-tone telephone using Telefile;
- via the web, by preparing and filing your return, at no cost, online at DOR's website, [www.massdor.com](http://www.massdor.com);
- by using the services provided by a DOR-approved tax professional; and
- by using a DOR-approved commercial tax preparation website or software product.

Each E-file method is designed to be easy to use and convenient, and allows you to deposit your refund check directly into your bank account. In addition, Telefile allows you to use your credit card to pay any tax due. Whether you prepare your own state tax return or have a tax professional complete your return, with E-file you can rely on 24 hours a day, seven days a week availability, instant confirmation that your tax return was received by DOR, and one of the country's fastest refund turnaround times — four days.

In recognition of the importance of protecting the confidentiality of personal information, this year your social security number has been removed from the preprinted tax forms you receive through the mail. Instead, you will find a PIN — a personal identification number — to be used when you Telefile or file via the web at [www.massdor.com](http://www.massdor.com). If you file using a paper form, please remember to include your social security number on the form. In addition, the tax form now includes a check-box where you can authorize DOR to discuss with your tax practitioner matters that may arise during the processing of your tax return.

For more information about DOR's E-file programs, or to check the status of your refund or quarterly estimated payments, please visit our website, [www.massdor.com](http://www.massdor.com), a useful resource for all of your state tax needs. I encourage you to use the website's e-mail function if you have any questions, comments or suggestions. You also can call our Customer Service Bureau at (617) 887-MDOR or toll-free in Massachusetts at (800) 392-6089.

Sincerely,

A handwritten signature in dark ink, reading "Frederick A. Laskey". The signature is written in a cursive style with a large initial "F".

Frederick A. Laskey  
Commissioner of Revenue